



MARKET REPORT

Germany 2016

In collaboration with

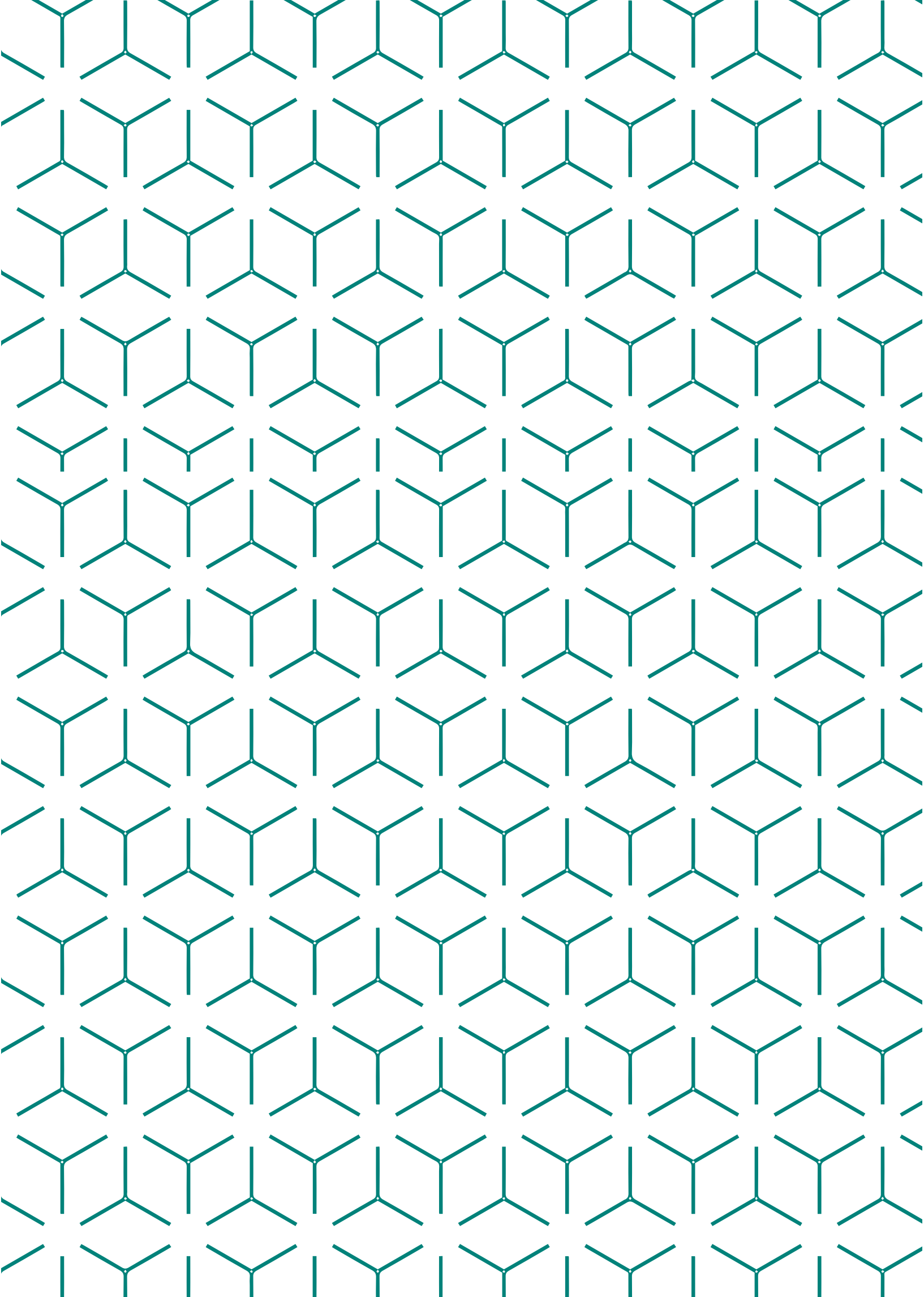


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1. Introduction

Country Profile - Germany

Economic Activity (2012)

GDP	EUR 2.6 trillion
GDP per Capita	EUR 31,281
GDP by Sector	Services 52.5%, Industry 30.5%, Trade 16.0%, Agriculture 1.0 %
GDP Growth	0.7%
Inflation Rate	2.0%
Exports of Goods	EUR 1,097 billion
Imports of Goods	EUR 909 billion

Economic Structure (2012)

Number of Companies	3.7 million
Percentage of which Are SMEs	99.6%
Total Turnover All Companies (2010)	EUR 5,44 trillion
Total SME Turnover	37.1%
Total Employees (2011)	27,0 million
Number of Employees in SMEs	79.2%

Population & Land Area (2012)

Area	357,002 km ²
Population	82 million
Working Population	41.5 million
Largest Cities	Berlin (3.5 million), Hamburg (1.8 million), Munich (1.4 million)

Infrastructure

Area/ Coastline	357,002 km ² / 2,389 km
International Passenger Airports	21
Seaports	23
Inner Harbors	250
Waterways	7,731
Roadways	230,702 km (of which 12,800 km highway)
Railways	37,679 km

Source: Germany Trade & Invest, <http://www.gtai.de/>

Economic Activity

Germany's economic policies enhance a broad and competitive industrial environment with a strong focus on innovative future technologies. Many small and medium sized enterprises utilize this potential, making them leaders in their respective markets. Across industries large and small, German products are worldwide export hits.

According to recent studies, Germany ranks as the top investment location in Europe. Along with its relative economic stability, Germany is the largest domestic market within Europe, creating a large and stable customer base for investors. Germany's integration into the world economy also allows companies to gain and share knowledge, products and employees within a global network. It constitutes 21 percent of Europe's GDP (EU-28) and is home to 16 percent of the total European Union (EU) population. The German economy is both highly industrialized and diversified – with equal focus placed on services and production.

	GDP (in EUR tn)	SHARE OF TOTAL GDP (EU-28)	POPULATION (in m)	SHARE OF TOTAL POPULATION (EU-28)
Germany	2.90	21%	81	16%
UK	2.22	16%	66	13%
France	2.14	15%	64	13%
Spain	1.06	8%	47	9%
Netherlands	0.65	5%	17	3%
Poland	0.41	3%	38	8%
Czech Republic	0.16	1%	11	2%
Hungary	0.10	1%	10	2%
USA	13.11		318	
Japan	3.59		127	
EU-28	13.92		507	
Eurozone	10.08		335	

Note: Data refers to 2014.

Source: Eurostat (2015), US Census Bureau (2015), Japanese Statistics Bureau (2015)

Source: Germany Trade & Invest, <http://www.gtai.de/>

Germany is a social market economy that is primarily based on the success of small and medium-sized enterprises. It is the largest national economy in Europe and the fourth-largest by nominal GDP in the world. The economy is highly industrialised and diversified. The major sectors of the economy are services (69 per cent), followed by industry (30.1 per cent) and agriculture (0.8 per cent). The country's business districts comprise Frankfurt, Hamburg, Munich and the conurbations of the Rhine/Ruhr area (Düsseldorf/Cologne/Essen). As manufacturing output has typically exceeded consumption requirements, Germany has been a large exporting nation. Since reunification, there has been substantial infrastructure improvement in the former areas of East Germany, attracting high levels of government funding. Berlin has once again become the political capital.

Germany's location in the middle of Europe has led to its use as a hub for investments and logistics. Furthermore, as more Eastern European countries have joined the European Union, Germany has benefited from its proximity. Germany largely experienced continuous growth during

the 90s and prior to the financial crisis. Nevertheless, as with most countries in the Eurozone, it experienced a period of recession in 2009. Through an export-led recovery, Germany's economic performance improved and has since experienced growth in the years following; 4.1 per cent in 2010, 3.6 per cent in 2011, 0.4 per cent 2012 and 0.1 per cent 2013. As at October 2014, Germany had cut its growth forecasts for 2014 and 2015, citing «external» factors for the revision.

Many studies have accorded Germany as the most attractive investment location in the EU and as such the country continues to receive large amounts of Foreign Direct Investment. Germany's business environment is well known for its integrity, safety, reliability and transparency. Furthermore, the government provides a number of investment incentives; at a regional and federal level. Alongside these, Germany offers the following competitive advantages for investors:

- High quality infrastructure, including sophisticated energy and communications sectors and first-class transportation networks.
- Its strategic location make it a key logistics hub for European trade.
- Highly developed economic and political frameworks providing security for business investments.
- An open and welcoming foreign investment regime; foreign investors are able to choose any form of business to operate.
- Germany's working population is highly trained, cultured and educated with one of the highest productivity rates in the world.

In Germany there are no exchange control restrictions affecting inward or outward investment, the repatriation of income or capital, the holding of currency accounts or the settlement of current trading transactions. Nevertheless, there are strict money laundering regulations. Data Protection is generally granted for registered, and sometimes unregistered, Intellectual Property Rights. These include: patents, trademarks, copyright and designs.

Any foreign company or individual wanting to do business in Germany will need to decide under which form they want to operate. German companies may be divided into corporations and partnerships. Legal forms of corporation are as follows:

- Limited Liability Company – 'Gesellschaften mit beschränkter Haftung' (GmbH)
- Public Limited Company – 'Aktiengesellschaft' (AG)
- Partnerships partly limited by shares – (KGaA),
- European Company – 'Societas Europaea' (SE)

Legal forms of partnerships are as follows:

- Civil law partnership – 'Gesellschaft bürgerlichen Rechts' (GbR),
- General trading partnership – 'Offene Handelsgesellschaft' (OHG),
- Limited partnership – 'Kommanditgesellschaft' (KG),
- Partnership association – 'Partnerschaftsgesellschaft' (PartG),
- Silent partnership – 'Stille Gesellschaft'

In practice, foreign investors in Germany generally operate through a subsidiary or branch. While branches are not separate legal entities, subsidiaries are German companies of any legal form with all rights and obligations applicable to the legal form chosen. German companies are subject to income tax, solidarity surcharges and trade tax. Partnerships are treated transparent for income tax purposes. As a result the taxable income of the partnership is taxed on the level of the partners. Non-resident companies are taxed only on income derived from German sources.

The corporate tax system has a uniform tax rate; applicable to both resident and non-resident corporations. The Corporate Income Tax (CIT) rate is 15 per cent. This corporate tax system grants no CIT credit to shareholders. A solidarity surcharge of 5.5 per cent on the CIT is levied, which raises the tax burden of corporate taxpayers from 15 per cent to 15.825 per cent. The solidarity surcharge on the corporation tax also applies to German branches of a foreign corporation. German resident individuals are subject to Personal Income tax (PIT) on their worldwide income; non-residents are taxed only on German-source income.

Along with import VAT, Custom Duty is levied on goods brought into Germany from outside the EU. The level of duty is determined by the Customs tariff classification and will vary subject to what is being imported, the value and the origin of the goods. When the country of origin of the goods exported to Germany is not part of the EU, customs duties are calculated Ad Valorem on the CIF value of the goods, in accordance with the Common Customs Tariff (CCT). Germany has adopted the EU Common External Tariff. As a result, any goods imported into Germany that have originated in the EU will be free from customs duties. Certain items such as tobacco, alcohol and fuel oils are liable to Excise Duty.

Trading with Germany

The European Union is a single trading area, meaning that that all goods (subject to narrow exceptions), whether made in an EU Member State or imported from outside, can circulate freely. Although Member States' customs authorities have the right to check goods at the border, there is a unified customs law in the EU which removes all fees and barriers within the Union. There is an external tariff for goods imported from outside the EU. While there are certain minor differences in interpretation and administration, the tariff is supposed to be applied and interpreted uniformly.

The Community Customs code contains all the general rules and procedures applicable to the trade of goods between EU and non-EU countries. The code is supplemented by a detailed Customs Regulation which is directly applicable in all Members States. Customs administration lies with the Germany Customs Administration offices. The purchaser is responsible for accounting for Value Added Tax (VAT) for intra-community acquisitions of goods. Customs duties and import VAT are levied on most goods imported from outside the EU. Most German businesses can reclaim import VAT, but they cannot reclaim import customs duties.

Import Restrictions

The restriction or the prohibition of imports of certain goods may be due to economic or non-economic reasons. The basis are the regulations imposed by the United Nations (UN) or the EU,

as well as national legislation regarding foreign trade ('Außenwirtschaftsgesetz') or special national legislation (eg regarding the import of food, pharmaceuticals, weapons or rare animals). UN or EU resolutions may impose embargos on certain countries, meaning that no transactions may be made with this country. Total restrictions also exist for some dangerous goods. In addition, the importation of certain goods may be restricted in quantity. If a restriction in quantity is applicable, an application for import permission may be made at the Federal Export Office. Restricted goods grouped by country are listed in the Federal Gazette.

Source: HSBC Global Connections, <https://globalconnections.hsbc.com/united-kingdom/en/tools-data/country-guides/de>

The German exporting industry presents itself stronger than ever. It is an important pillar of German economy. The decline of international trade in the wake of the financial crisis was soon overcome. Germany is the world's third-largest exporter after China and the United States. The export figures in 2014 were on a similar high level as record setting year of 2013. The demand for export products is still high. Thus, imports in 2014 amounted to 917 billion euros and exports surpassed the 1.1 trillion euro mark.

German-produced goods from the chemical, automotive, and machinery & equipment industries are in particularly high demand worldwide. Germany's main trading partners include European countries such as France, the UK, Italy, and the Netherlands as well as international markets such as the United States, China, Russia, and Japan. Sixty-eight percent of all exports are delivered to European countries, of which of which 58 percent go to member states of the European Union. In 2014, the number two region for German exports was Asia, receiving approximately 17 percent of all goods from Germany, followed by the Americas at roughly twelve percent.

Source: Germany Trade & Invest, <http://www.gtai.de/>

Map of Germany



Source: Germany Trade & Invest, <http://www.gtai.de/>

WTO Trade Profile of Germany

September 2015

Germany

BASIC INDICATORS

Population (thousands, 2014)	80 890	Rank in world trade, 2014	<u>Exports</u>	<u>Imports</u>
GDP (million current US\$, 2014)	3 852 556	Merchandise	3	3
GDP (million current PPP US\$, 2014)	3 689 840	excluding intra-EU trade	-	-
Current account balance (million US\$, 2014)	290 326	Commercial services	4	3
Trade per capita (US\$, 2012-2014)	39 356	excluding intra-EU trade	-	-
Trade to GDP ratio (2012-2014)	85.7			
		<i>Annual percentage change</i>		
	<u>2014</u>	<u>2010-2014</u>	<u>2013</u>	<u>2014</u>
Real GDP (2010=100)	106	1	0	2
Exports of goods and services (volume, 2010=100)	117	4	2	4
Imports of goods and services (volume, 2010=100)	114	3	3	3

TRADE POLICY

WTO accession	1 January 1995	Contribution to WTO budget (%) (2015)	8.154
Trade Policy Review	16, 18 July 2013	Import duties collected	
GPA accession	1 January 1996	in total tax revenue	...
Tariffs and duty free imports		to total imports	...
Tariff binding coverage (%)	100	Number of notifications to WTO and measures in force	
MFN tariffs	<u>Final bound</u> <u>Applied 2014</u>	Outstanding notifications in WTO Central Registry	17
Simple average of import duties		Goods RTAs - services EIAs notified to WTO	36 - 14
All goods	5.0 5.3	Anti-dumping (30 June 2015)	108
Agricultural goods (AOA)	12.5 12.2	Countervailing duties (30 June 2015)	12
Non-agricultural goods	3.9 4.2	Safeguards	0
Non <i>ad-valorem</i> duties (% total tariff lines)	4.8 4.9	Number of disputes (complainant - defendant)	
MFN duty free imports (% (2013)		Requests for consultation	95 - 84
in agricultural goods (AOA)	46.1	Original panel / Appellate Body (AB) reports	40 - 33
in non-agricultural goods	60.7	Compliance panel / AB reports (Article 21.5 DSU)	4 - 4
Services sectors with GATS commitments	115	Arbitration awards (Article 22.6 DSU)	4 - 3

MERCHANDISE TRADE

	<i>Value</i>	<i>Annual percentage change</i>		
	<u>2014</u>	<u>2010-2014</u>	<u>2013</u>	<u>2014</u>
Merchandise <i>exports</i> , f.o.b. (million US\$)	1 507 594	5	3	4
Merchandise <i>imports</i> , c.i.f. (million US\$)	1 215 654	4	2	2
	<u>2014</u>			<u>2014</u>
Share in world total exports	7.93	Share in world total imports		6.37
Breakdown in economy's total exports		Breakdown in economy's total imports		
By main commodity group (ITS)		By main commodity group (ITS)		
Agricultural products	6.7	Agricultural products		9.8
Fuels and mining products	5.8	Fuels and mining products		17.3
Manufactures	85.4	Manufactures		71.4
By main destination		By main origin		
1. European Union (28)	57.8	1. European Union (28)		58.0
2. United States	8.5	2. China		8.8
3. China	6.6	3. United States		5.5
4. Switzerland	4.2	4. Switzerland		4.4
5. Russian Federation	2.6	5. Russian Federation		4.2

COMMERCIAL SERVICES TRADE

	<i>Value</i>	<i>Annual percentage change</i>		
	<u>2014</u>	<u>2010-2014</u>	<u>2013</u>	<u>2014</u>
Commercial services <i>exports</i> (million US\$)	266 244	5	8	4
Commercial services <i>imports</i> (million US\$)	326 440	6	13	1
	<u>2014</u>			<u>2014</u>
Share in world total exports	5.39	Share in world total imports		6.83
Breakdown in economy's total exports		Breakdown in economy's total imports		
By principal services item		By principal services item		
Goods-related services	4.0	Goods-related services		3.8
Transportation	21.8	Transportation		23.1
Travel	16.2	Travel		28.2
Other commercial services	58.0	Other commercial services		44.8

2. Dubai & UAE's Trade with Germany

The Federal Republic of Germany established diplomatic relations with the United Arab Emirates (UAE) in May 1972. In April 2004, it was agreed to establish a strategic partnership, and in January 2009 to hold regular political consultations between the two countries' foreign ministries, underlining the intention of the two governments to step up relations in the political sphere as well as maintaining extensive trade relations.

Trade, mutual investment and technical cooperation are crucial elements of the Strategic Partnership between Germany and the UAE. For Germany, the UAE are the most important export market in the Arab world. Likewise exports and investment from the UAE to Germany have continuously grown. The overall trade volume has quadrupled in the last ten years.

UAE is Germany's principal export market and its second most important trading partner in the Arab world, just behind Saudi Arabia, with bilateral trade worth approximately USD 17 billion in 2015. German exports to UAE grew annually by approximately 11 per cent between 2010 and 2014 (USD 16.2 Billion in 2015) and imports from UAE to Germany by 6% (USD 0.92 Billion in 2015).

All the instruments for promoting German foreign trade are available in UAE. The German Embassy in Abu Dhabi and the German Consulate General in Dubai provide advice and political support; a correspondent of Germany Trade & Invest (GTAI) in Dubai draws up sectoral analyses and evaluates calls for tenders but is not engaged in investment acquisition. In addition, the German-Emirati Joint Council for Industry and Commerce (AHK) was set up in 2009, making Germany the first country to open a bilateral chamber of industry and commerce in UAE. Its job is to further intensify bilateral trade and improve German companies' access to markets in UAE.

There are some 900 German companies operating in UAE (a number that is trending upwards), most of them in Dubai (approximately 600) and Abu Dhabi, and a far smaller number in the five Northern Emirates. In addition, the German National Tourist Board and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have offices in Dubai and Abu Dhabi, respectively. There are some 12,000 German nationals living in UAE, most of them in Dubai.

Agreements between Germany and UAE include an air transport agreement, an investment protection agreement and a new double taxation agreement that took retrospective effect as of 1 January 2009, after being ratified in mid-2011.

Source: German Federal Foreign Office <http://www.auswaertiges-amt.de/>

A closer look at the recent (2015) trade statistics between Germany and UAE show that aircraft, cars, machinery and electrical goods are the principal exports from Germany to the UAE. Aircraft and cars in fact contribute to 40% of Germany's exports (by value) to the UAE.

UAE's exports on the other hand to Germany which has annually grown on an average of 6% per annum since the last five years, is diverse and comprise mainly of Aluminum and articles, Electrical, electronic equipment, Machinery, Aircraft parts, plastic and plastic articles, Pearls, precious stones and metals, ceramic products and organic chemicals. However, the main export to Germany from the UAE is Unwrought Aluminum (HS Code 7601), at nearly 44% of UAE's exports by value to Germany.

Taking into consideration, statistics from Dubai Customs, we see that more than half of UAE's top 30 exported products (by value) fall within Dubai's top direct exports to Germany, making Dubai the major diverse exporter of goods from the UAE. Electrical products (insulated wire), aircraft parts, plastic items and Building and Construction materials are the other main exports through Dubai.

A comparative analysis of the trade between the countries shows that UAE's exports to Germany are only 5.5% of the total trade between the two countries, though diversification of UAE's exports to Germany is reasonably high.

It therefore follows that Dubai and the UAE need to enhance the exports of its other products (apart from aluminum) to improve the export balance. As an example, one of Dubai's major exports (to other markets), i.e. Food & Beverages (F&B products) are nearly completely missing in UAE's exports to Germany. Through Dubai Export's recent regular participation in Anuga, Germany's popular Food exhibition, Dubai hopes to correct this anomaly. Thus sectors such as Food & Beverages, Plastics, Precious metals and Building & Construction material need to be developed in some areas (due to the regulatory requirements for import into the EU) and promoted actively to engage in a more balanced trade relationship.

3. Germany Trade Policy & Trade Regulations (AHK)¹

In Germany, foreign trade and investment is coordinated and promoted by a three pillar concept:

- Germany's missions abroad (embassies and consulates),
- the German Chambers of Commerce Abroad, Delegate Offices and Representations of German Industry and Commerce, and
- Germany Trade & Invest mbH (GTAI)²

Germany has a free and open market with no restrictions to capital transactions, real estate purchases, repatriation of profits or access to foreign exchangers. There is a stable economic environment, great logistic infrastructure, a transparent legal system and the availability of sufficient suppliers. Moreover, as Germany lies in the center of Europe there is convenient access to the regional market.

Import Regulations

Import regulations to Germany are generally liberal. Import permissions are only needed for special goods, such as several agricultural products, textile and steel products from a few third countries, medicine, weapons, food products – in those cases, import licenses, surveillance documents or special labeling requirements may be obtained. Special import licenses can be requested [from the Federal Office of Economics and Export Control \(BAFA\)](#)³.

Property Rights, Patents and Safety Standards

The German government encourages competition, which is protected by regulations against unfair advertising, antitrust or anti-cartel regulations⁴. Intellectual property is highly protected by patents and trademarks. Therefore, companies should not infringe on existing intellectual property rights. Technical inventions are secured by patents. Trademarks refer to names, term or logos. For more information, [see German Patent and Trade Mark Office \(DPMA\)](#)⁵ or the [European Patent Organization](#)⁶.

Most products sold in the EU need to carry a CE (Conformité Européenne) marking, which indicates that the goods correspond with European safety standards. Issuing this self-declaration makes the manufacturer or importer legally responsible for assuring that the goods actually conform to the requirements.

1- Germany Trade & Invest: www.gtai.com; German Emirati Joint Council for Industry & Commerce 2010: Presentation on Exporting Opportunities to Europe – Germany:

http://vae.ahk.de/fileadmin/ahk_vae/Bilder_Deutschland/AHK_Export_to_Europe_-_Germany_01.pdf.

2- http://www.auswaertiges-amt.de/EN/Aussenpolitik/Aussenwirtschaft/AkteurePartner_node.html

3- <http://www.bafa.de/bafa/en/>

4- PWC: Doing Business and Investing in Germany 2014

<https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>, 16.

5- <http://www.dpma.de/english/patent/application/index.html>

6- <http://www.epo.org/>

Customs

Imported goods must be accompanied by a customs declaration. Custom duties derive from the value, type and country of origin of the imported goods. The turnover tax for goods imported to Germany from non-EU-states is 19%. Imported goods are subject to normal customs duties and import taxation. Duties are assessed on the supplier's invoice. The duties imposed on a good, together with the VAT on imports and other taxes that apply, are charged to the importer as cash outlays when the good enters the country⁷. Customs for a certain good can be determined online using the [TARIC \(Integrated Tariff of the European Communities\) system](#)⁸.

When exporting to Germany, no local representation is necessary, as the import procedures are responsibility of the purchaser⁹. Access to storage or delivery facilities are offered by most well-known carriers and courier services.

7- PWC: Doing Business and Investing in Germany 2014

<https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>, 23.

8- http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en

9- PWC: Doing Business and Investing in Germany 2014

<https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>, 2324-.

10- PWC: Doing Business and Investing in Germany 2014

<https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>, 24.

4. Doing Business in Germany (Investing in Germany, AHK) ¹¹

Germany is generally welcoming foreign direct investment (FDI), which includes the freedom of foreign trade and payment transaction (see [Foreign Trade and Payments Act¹²](#)). The country is the world's seventh largest investor. Since the global recession and the euro crisis Germany's FDI inflows declined, however it will probably recover in 2015. In 2012, the sectors mostly invested in were financial mediation (47.7%), real estate, renting and business activities (26.8%), transport, storage and logistics (13.5%), trade and repairs (9.7%)¹³.

Legal Situation

German law does not distinguish between German or foreign nationals when it comes to investments or establishing a company. Neither there are restrictions for foreign companies, nor are there any business sectors exclusively monopolized by the states, nor is there the need of a German shareholding percentage. The contracting parties can decide on their own, under which national law they want to place their relationships. Only if consumer protection rights are involved, the contract will be governed by the law of the country of the consumer's habitual residence.

The government of Germany provides a reliable legal system for companies and entrepreneurs. All attorneys at law are members of the bar council of the Region. The Federal Bar Council is the umbrella association of the different bar councils. The courts are organized at different levels from local courts to the Federal Court of Justice at the highest level. Moreover, there is the possibility of solving disputes via arbitration agreements. The chambers of industry and commerce can act as arbitrators in a non-bureaucratic procedure.

Market Entry

The Market Entry to Germany can be conducted via direct import by large German clients, via indirect import through importers or wholesalers, via commercial agents or by own subsidiary. Foreign investors can choose freely, which company form suits their interests most and with regard to shareholders, liability and taxation – a corporation or partnership or conduct business via a Germany-based branch office. The basic structure of all company forms is stipulated by law. Overview on company forms can be found on the GTAI Homepage¹⁴.

11- Germany Trade & Invest: www.gtai.com; German Emirati Joint Council for Industry & Commerce 2010: Presentation on Exporting Opportunities to Europe – Germany:

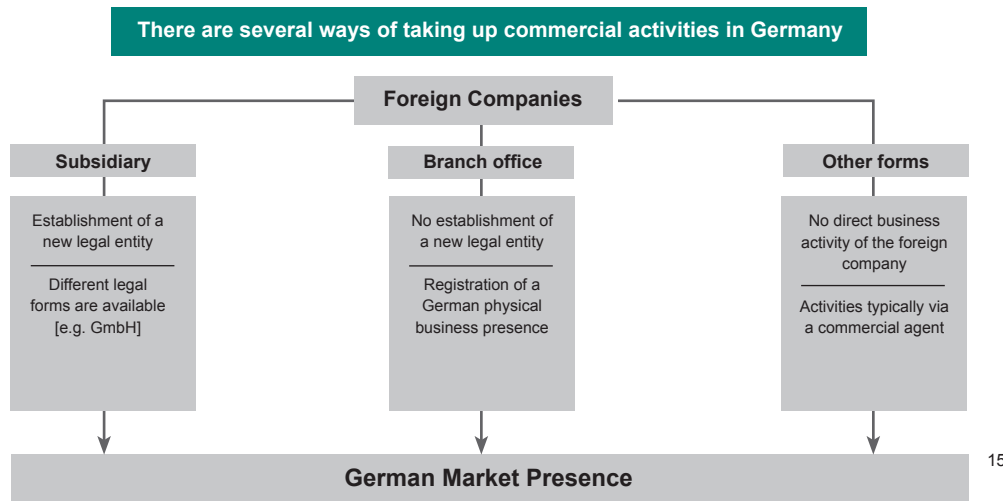
http://vae.ahk.de/fileadmin/ahk_vae/Bilder_Deutschland/AHK_Export_to_Europe_-_Germany_01.pdf.

12- http://www.bafa.eu/bafa/en/export_control/legislation/export_control_awg_en.pdf

13- Santander: Germany: Foreign Investment; Numbers and Figures

https://en.santandertrade.com/establish-overseas/germany/foreign-investment?&actualiser_id_banque=oui&id_banque=0&memoriser_choix=memoriser

14- Germany Trade & Invest: <http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/Establishing-a-company/company-forms.html>.



The most common company forms in Germany are AGs (public limited companies) or GmbH (private limited companies). The main difference is that the shares of an AG can be publicly traded on a stock exchange, which is not possible with a GmbH. For foreign investors, the GmbH is the preferred option. For setting up a GmbH, at least one shareholder is obligatory, whose nationality or residence is irrelevant. However¹⁶, the company must have a German business address and a local representative. A share capital of a minimum of EUR 25,000 is required. The formation procedure for setting up a GmbH can roughly be divided in the following steps:

- Drafting of articles of association, which shape the identity and constitution of the company
- Notarization of articles of association at a German notary
- Payment of share capital by opening a company account and where the share capital should be deposited; for being registered in the commercial register a payment of EUR 12.5000 is necessary
- Registration in the commercial register with the help of a notary
- Trade office registration

When setting up a branch office, it can be differentiated between autonomous branch offices and dependent branch offices. Required steps are the registration in the commercial register (only autonomous branch office) and trade office registration (autonomous and dependent branch office).

15- GTAI: Investor's Basic: Setting up Business in Germany

16- PWC: Doing Business and Investing in Germany 2014

17- <https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>, 2324-.

Visa

Non-EU Nationals require a visa for staying in Germany. Stays not exceeding 90 days within a 180-days period require a Schengen visa. If the stay exceeds the 90 days, or when an occupation is conducted, a residence permit or settlement permit is required. For more information, the [Federal Foreign Office of Germany](#)¹⁷ can be consulted. Generally, a Schengen visa is sufficient for the steps required to establish a business in Germany, such as the application for the commercial register entry, the trade registration, and other preparatory activities like opening a bank account or rental agreements, as well as negotiations with business partners.

Bank Account

When running a business in Germany, a bank account in Germany simplifies business activities. For opening a private bank account a valid passport and a confirmation that Germany is the current place of residence from the local public office is necessary. For a company bank account, the legal form of the company is relevant, there will also be needed an excerpt from the commercial register and the article of association of the company. Capital can be moved in and out of Germany without any restrictions. Amounts over EUR 12.5000 must be reported to the German Central Bank.

Taxes

Corporations are taxed on the level of the [corporate income tax](#)¹⁸ ; partnerships are taxed on the level of [personal income tax](#)¹⁹ . Those taxes are levied by the federal government. All business operations are subject to the [trade tax](#)²⁰ , which is imposed by local municipalities.

Germany does not have a consistent nationwide tax rate for companies. Instead, income taxation consist of three components: corporate income tax (fixed rate: 15%), solidarity surcharge (fixed rate: 0.825%) and trade tax (varies locally, determined by each municipality, average: 14%). For corporations, the average overall tax burden is just below 30 percent, with certain local municipalities offering significantly lower rates. Hence, Germany offers one of the most competitive tax systems of the big industrialized countries.

The value-added tax (VAT) of the European Community applies to the exchange of goods and services. Companies have to add VAT to their prices which will be paid by the end user of a product or service. In Germany, the Federal Ministry of Finance is responsible for the VAT System. VAT is raised regardless of citizenship, residence or place of billing or payment. The relevant criterion is the execution of taxable transactions above a certain volume. VAT rates are set to 19% for supplies of goods and services and 7% for certain goods like books or food. There are exceptions for small enterprises (turnover during the last year below EUR 17,500) or specific service sectors like healthcare or education for example. Every company in Germany needs to register at the local tax authority.

17- http://www.auswaertiges-amt.de/EN/EinreiseUndAufenthalt/StaatenlisteVisumpflicht_node.html

18- <http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/The-tax-system/Company-taxation/corporate-income-tax-for-corporations.html>

19- <http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/The-tax-system/Company-taxation/personal-income-tax-for-partnerships.html>

20- <http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/The-tax-system/Company-taxation/trade-tax.html>

Labour Market and Social Security

In Germany, jobs need to be offered in a non-discriminatory manner with equal opportunities regardless of race, ethnicity, gender, religion, conviction, disability, age or sexual orientation. The Federal Employment Agency (Bundesagentur für Arbeit) offers free recruitment services.

Different employment models can be regular employment (unrestricted, can be terminated by letter of termination), fixed-term contracts (expire automatically on a specific date), temporary (leased employment from a temporary employment agency). Germany is known for its qualified and motivated workforce. Moreover, it has stable labor costs. Since January 1, 2015 a minimum wage of EUR 8.50 per hour has come to effect. There are certain exceptions from the minimum wage, for example as people under the age of 18 or students with compulsory internships.

Social security contributions are made up of health insurance, nursing care insurance, pension insurance, unemployment insurance, accident insurance. Those contributions are shared roughly equally by employer and employee except for accident insurance costs which are borne by the employer²¹.

Construction Laws and Emission Control

Construction Laws are divided between federal and state governments via Zoning Law, concerning the purpose and surroundings, and building regulations law, concerning design and construction. Building permits are required for everything that concerns the construction or change of a building and must be requested to the local building authority or the building supervisory authority. The Federal Emission Control Act governs the protection of the environment as it is declared in the German constitution. Especially industrial facilities need to apply for Emission control permits via the environmental agency of the respective federal state.

21- Germany Trade & Invest: Investment Guide to Germany

http://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Brochures/Germany/investment-guide-to-germany-2014-en.pdf.

5. AHK – Services for UAE Businesses

The German Emirati Joint Council for Industry & Commerce (AHK) in the UAE offers various services in the fields of Business Development, Trade Fairs, Law, Education and Vocational training and so on to German and UAE companies. The AHK serves as a networking platform to facilitate the building and strengthening of the relationships between German and local companies. The relationship is enhanced through a board of prominent UAE and German business people.

AHK is the official representation of the German Industry and part of the global network comprising of 120 offices in 80 countries. As a member of the German Emirati Joint Council for Industry & Commerce (AHK) you are a part of this network and thereby have the endless opportunity to establish new contacts and build profitable business relationships.

One of the main tasks of the German-Emirati Joint Council for Industry and Commerce (AHK) is to advise German and UAE companies based in the region concerning issues related to market entry and to support companies in establishing business relations. The Business Support Department offers you several services regarding a market entry in the United Arab Emirates. Due to the regional peculiarities, competent and well-grounded advice pays off.

Besides all services regarding market entry, such as address researches, business partner mailings or business partner search, the AHK is also offering detailed market information issuing in depth market studies or product related market information. Delegation trips to the UAE and Germany give business people from both countries a good insight into the markets and support in selecting the right business partner.

Furthermore AHK offers regular events on certain topics, committee meetings as well as social events in which the German and UAE cultures are well combined.

6.UAE and Germany as Strategic Partners in Trade through Dubai Exports and AHK

The UAE has always been characterized as a place of rapid change. The country has witnessed an accelerated growth rate and enormous development of its infrastructure, especially during the last ten years. When the strategic partnership was founded in 2004, Dubai started to emerge and succeeded in developing sector oriented free zones starting to illustrate to the world that the strategic location of the UAE is the “center of the world”. Jebel Ali Port was increasingly perceived as the hub between East and West. This was accompanied by increasing flight destinations of Emirates Airlines. What was partly belittled by some countries is today taken for granted. The UAE is the hub between Asia and Europe.

Since the beginning of 2000, international companies as well as German companies increasingly established representative and trading offices in Dubai. Dubai experienced a real estate boom where German construction companies as well as related industries participated in. Prestigious projects like the Palm, Burj Khalifa or newly developed parts of the city like Marina and Business Bay offered numerous business opportunities for German companies. At the same time other industry areas were booming: healthcare, IT, environmental technology etc.

The German-Emirati Business relations can look back at a successful development over the last 10 years. Numerous German delegations visit the UAE every year. Strong corporation areas are the environmental, medical, and industry sectors, as well as training and education. In 2004, 3, 5 Billion Euro were exported to the UAE. By 2015 the number had increased to 14, 63 Billion Euro. Whereas in 2004 numerous German companies were still exploring the business opportunities and sometimes nearly hesitant to enter the new market, today the UAE is an established country on the map for German exporters.

While Dubai focused on services and logistics, diversification of its industry remained the main focus for Abu Dhabi until today. With a clear investment strategy, partly serving as know how transfer, partly as pure investments, the relationship between both countries intensified: e.g. Global Foundries, Merkel, Caracal, Air Berlin or Daimler etc. The relationship has developed from a pure trading relationship into a more know how transfer related one. Also, Germany discovered the market for investments, however, from the German side the investment climate was more hesitant, but there are a few to be named: Munich RE/Daman; Linde/ADNOC, Knauf etc.

However, while the German blue chip cooperations have been accompanied by press reports and being in the spotlight, the economic strategic partnership has very much been supported by numerous German Small and Medium Enterprises (SME), who have been in the market for many years. As they are the backbone of the German economy, the so called “German Mittelstand” has a longstanding record of high employment and productivity. They are 90% family owned; a number of them are world market leaders who have successfully found niches for their products. They played out their strengths and market leadership in the UAE and established offices and partly production facilities over the years. Just to name a few: Diehl, Knauf, Dussmann, Bauer etc. The

German Emirati Joint Council has supported the SMEs within their service portfolio in order to enter the UAE market.

With a positive economic atmosphere due to the awarding of the Expo 2020 in Dubai and the industrial developments to set up more manufacturing facilities, German and UAE companies will continue to enhance the successful economic relationship.

Dubai Exports and AHK have been strategic Partners since 2009 and worked together jointly on various events and initiatives to facilitate businesses in UAE and from Germany. In 2015 itself, DE & AHK jointly organized the German Market Entry & Expansion Summit 2015 and arranged B2B meetings with a German Consulting Company and a Dubai Business entity. DE supported AHK regarding publication of the labeling law of «Made in UAE» products. In 2014 Dubai Exports arranged a seminar wherein AHK presented their services to UAE businesses. AHK also participated in the 2015 Seminar of Halal Products organized by DE.



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www.bafa.de
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www.german-business-portal.info
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http://vae.ahk.de/fileadmin/ahk_vae/Bilder_Deutschland/AHK_Export_to_Europe_-_Germany_01.pdf
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- **PWC: Doing Business and Investing in Germany 2014 :**
<https://www.pwc.de/de/internationale-maerkte/assets/fachbuch-doing-business-germany-2012.pdf>
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https://en.santandertrade.com/establish-overseas/germany/foreign-investment?&actualiser_id_banque=oui&id_banque=0&memoriser_choix=memoriser

The background of the page is a repeating geometric pattern of teal lines forming a series of interconnected triangles and hexagons. In the center of the page, there is a solid teal rectangular box with a thin white border. Inside this box, the word "APPENDICES" is written in a bold, white, sans-serif font.

APPENDICES

TRADE FORECAST REPORT

GERMANY



2H 2015

HSBC



GERMANY : IN BRIEF

- German firms remain positive about the outlook in spite of problems in major emerging markets, which have provided such great growth opportunities in recent years. Recovery in advanced economies will boost demand for German capital and consumer goods.
- Over the long term, we expect Germany's import and export bases to become more diversified geographically, with South and South East Asian countries taking an increasing share of the German market.
- Specialisms in industrial machinery and transport equipment have served Germany well in recent years, and we expect this to continue. Wobbles in emerging markets do not undermine the longer-term path of rising consumer incomes and increasingly sophisticated manufacturing in these economies – trends Germany is well placed to support.

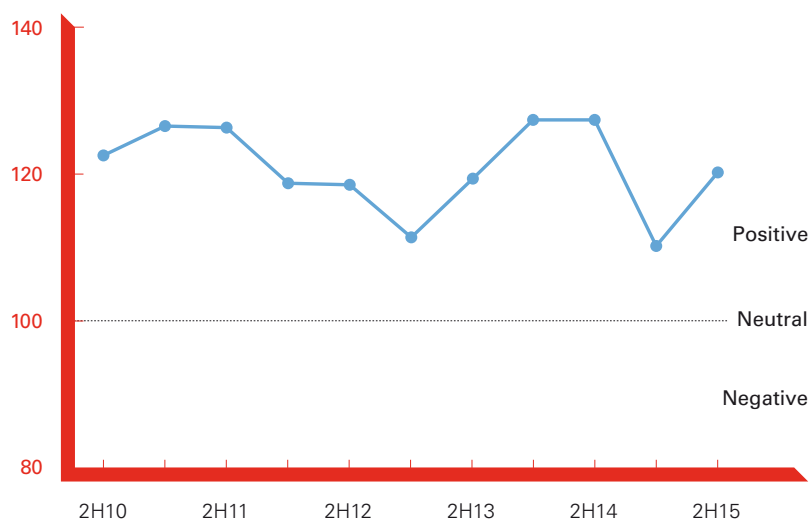
Competitive and innovative manufacturing firms have enabled Germany to ride out the Eurozone crisis by expanding into new markets. In the near term, the slowdown in emergers should be offset by recovery in advanced economies. So while exporters are concerned about weaker growth in Asia, they remain positive overall. Over the longer run the shrinking working age population poses a risk to trade growth.

SHORT TERM SNAPSHOT

HSBC TRADE CONFIDENCE

On balance German firms became more optimistic over the past six months – the proportion expecting the global economy to boost their trade remained broadly stable at around 70%, but within this a growing proportion (21% versus 3% in our last survey) expected a “strong” positive impact. Perhaps as a result of cheaper energy and a weaker Euro, the proportion worried about tougher competition fell from 70% six months ago to just 20% in 2015 H2.

TRADE CONFIDENCE SCORE



Source: HSBC TCS data

The slowdown in China and problems in MENA are clearly affecting German firms' export success – the proportion exporting to Asia fell by 25% points (from over 70%) and to just 20% for MENA (down from 50%). In addition, the positive impact of the Euro depreciation seems to have worn off, with only 25% reporting that favourable exchange rates would be a major factor to boost international business over the next six months, compared to three quarters in our last survey. That said, advanced economies continue to provide a source of demand growth for German firms, with the proportions exporting to Europe and North America stable.

German firms seem keener to sustain progress in improving the bottom line than those in other major European economies. The proportions reporting that they were seeking to grow revenue or reduce costs fell notably, as elsewhere, but remained above 50% in both cases. Moreover, German firms are increasingly worried about financial risk, with the proportion citing worries about payment default, suppliers failing to honour commitments, and the cost of borrowing all rising by a few percentage points.

LONG TERM OUTLOOK

ECONOMIC OUTLOOK

Germany's economy has led the Eurozone's recovery, thanks in large part to its deepening trade links with China over recent years. Even though China's economy is now slowing somewhat, the payoff for Germany has been a strengthening labour market and ever-firmer domestic demand. As such, although Germany is well-placed in the near-term to benefit from the weaker Euro, the recovery is now largely dependent on domestic demand and rising wages and spending.

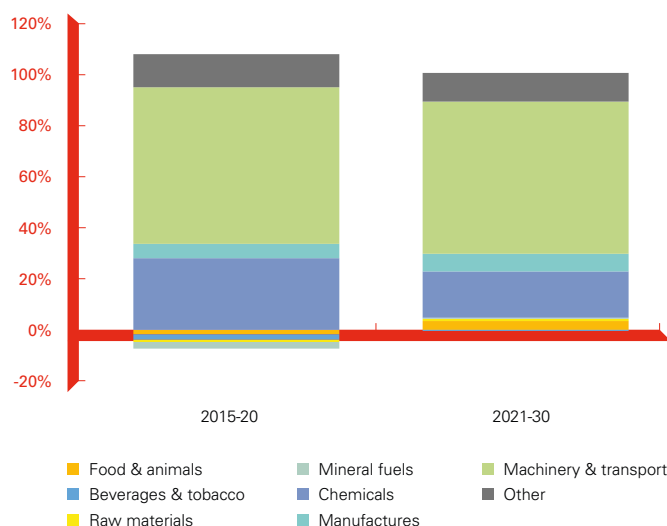
Looking beyond the near term though there are serious constraints on growth. Chief amongst these is Germany's deteriorating demographic profile – the working age population will peak in 2017 and fall every year thereafter. Barring a step-change in productivity this will mean annual GDP growth falls from close to 1.5% per annum in 2015-2017 to just over 1% in the longer run. This has clear implications for the economy's potential export capacity, as well as the growth of household spending and imports.

That said, Germany's manufacturers have long been envied by other countries for their ability to innovate. For example, the integration of countries in Central and Eastern Europe into Germany's supply chain over recent years has allowed German firms indirect access to low-cost labour. Further progress in this respect, or in using physical capital in place of labour, could allow Germany to sustain more robust export and import growth than in our forecast. Barring such achievements though, it seems likely German firms will increasingly outsource production outright, focussing only on the highest-value added parts of the value chain in Germany itself.

EXPORT CORRIDORS TO WATCH

Germany's industrial specialisations are unlikely to change much over the coming couple of decades, with industrial machinery, transport equipment, chemicals & pharmaceuticals accounting for the top four shares of exports in both 2014 and in 2030. Industrial machinery is forecast to grow by almost 6% per annum to 2020, accounting for over half the total growth in German goods exports by value over this period. Chemicals & pharmaceuticals and transport equipment will grow by around 4% per annum to 2020, contributing an additional 43% of total export growth over this timeline. Over the longer run a similar composition of export growth will prevail, with these top three categories contributing around 70% of total growth between 2021 and 2030.

SECTOR CONTRIBUTION TO INCREASE IN EXPORTS



Source: Oxford Economics

Despite near-term concerns over the slowdown of growth in China, we expect China to regain its position as Germany's fastest growing export market over the medium term (amongst the 24 trade partners in the HSBC Trade Forecast), with annual growth averaging 8% per annum between 2021 and 2030. This will result in China overtaking France as Germany's top export destination by 2030. Ongoing integration between Germany's manufacturing sector and supply chains in Central Europe means Poland will remain Germany's 5th biggest export partner, with France, UK and USA making up the top 5. Amongst high-income economies, exports to Canada will grow fastest, by an average of 5% a year from 2021-2030.

TOP 5 HOTLIST EXPORT DESTINATIONS

Rank	2014	2030
1	France	China
2	UK	France
3	USA	UK
4	China	USA
5	Poland	Poland

*Ranking among the 24 trade partners covered in the HSBC Trade Forecast

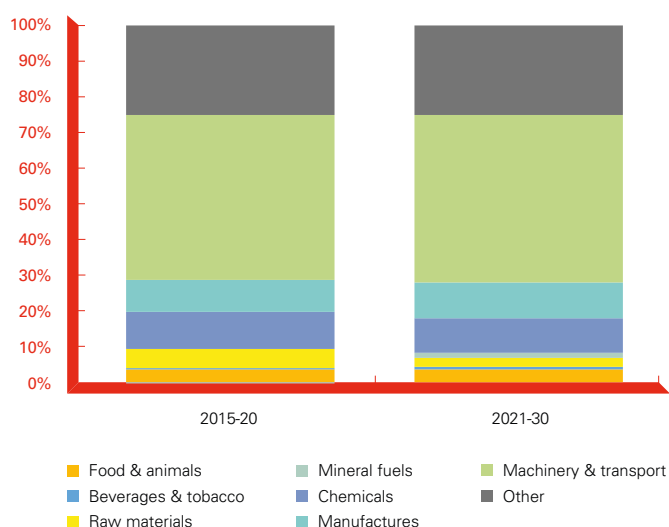


IMPORT CORRIDORS TO WATCH

Germany's imports tend to be focussed around similar high-tech and research-intensive products that it exports. In part, this reflects cross-border supply chains and cooperation initiatives with companies in other European countries in certain markets involving critical mass, such as the automotive and aerospace sectors. Overall, industrial machinery and transport equipment are expected to contribute around 38% of the projected growth in Germany's imports in 2015-30.

Other inputs to Germany's manufacturing sector, such as scientific apparatus and minerals manufactures will continue to provide a key part of the economy's import growth – 6-7pp each from 2015-2020, with some easing in the share for scientific apparatus over the longer term. Imports to support business services and retail activity (ICT equipment and clothing/apparel respectively) will each contribute 9-10% of total growth in both the near and longer-term.

SECTOR CONTRIBUTION TO INCREASE IN IMPORTS



Source: Oxford Economics

With annual growth in imports from China of 4% from 2015-2020 and 7% over the longer run, China will be Germany's top source of imports by 2030 (amongst the 24 trade partners in the HSBC Trade Forecast). Other high-growth import sources are Bangladesh, Vietnam and India – 7-8% per annum in each case over the long run, reflecting these countries' comparative advantage in clothing and apparel trade. In Europe, the fastest growing sources of Germany's imports are likely to be Ireland and Poland, reflecting these economies' advantage in low-cost manufacturing (relative to other EU economies). Nevertheless, in spite of not being amongst the ten fastest growing source of imports into Germany over the long run, France is set to remain the second largest source by 2030, given the high degree of integration between the two economies.

TOP 5 HOTLIST IMPORT ORIGINS

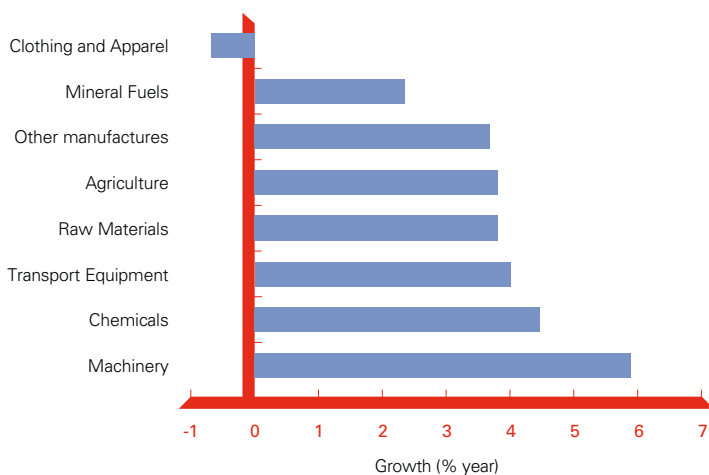
Rank	2014	2030
1	China	China
2	Singapore	USA
3	USA	Singapore
4	Japan	Korea
5	Korea	Japan

*Ranking among the 24 trade partners covered in the HSBC Trade Forecast

DRIVERS OF RECOVERY

- German exports over the coming few years will benefit from the confluence of ongoing recovery in advanced economies, a weaker Euro as ECB and Federal Reserve policies increasingly diverge, and the competitiveness boost of lower global energy costs. Overall, we expect the value of German merchandise exports to gradually accelerate from around 1.5% in 2016 towards 5% by 2018-20.
- Recovery in advanced economies is a key driver of German export success given the country's global lead in capital goods and machine tools, which will be increasingly in demand as firms in other economies increase their investment expenditure. Germany has benefited substantially from the investment boom in China over recent years, providing machinery to facilitate housing construction and factory expansion, and with China's growth rate slowing the ongoing recovery in advanced economies comes at exactly the right time.
- Alongside this, exchange rate movements are likely to be supportive of German competitiveness in global markets for these types of goods. Although the euro is expected to appreciate modestly in the quarters ahead, at \$1.10 in 2016Q3, it will remain around 20% weaker than two years previously. This will aid German exporters in US markets, as well as in other economies whose currencies are pegged to the dollar (such as Hong Kong and the Middle East).
- Finally, global demand for energy intensive goods such as industrial machinery and transport equipment should be supported looking forward by lower energy costs than might have been anticipated relatively recently. Given its specialisations in these sectors, Germany will be well-placed to benefit.

EXPORTS BY SECTOR



Source: Oxford Economics

WE EXPECT THE
VALUE OF GERMAN
MERCHANDISE EXPORTS
TO GRADUALLY
ACCELERATE FROM
AROUND 1.5%
IN 2016 TOWARDS

5%

BY 2018-20

ABOUT THE HSBC TRADE FORECAST

The Trade Confidence Survey (TCS) is a quantitative indicator of the short-term outlook for global trade. The survey is the largest of its kind, and conducted on behalf of HSBC by TNS. Over 6,300 businesses globally – from small and mid-market to large corporations – are interviewed about their expectations towards global trade and business growth over the next six months.

In 2H15, the survey data collection method changed to online in 11 markets: Australia, Brazil, China, France, Germany, Hong Kong, Mexico, Poland, Singapore, UK, and USA. The past data has been calibrated to account for this change and to preserve the trends.

Oxford Economics has tailored a unique service for HSBC which forecasts bilateral trade in goods, based on HSBC's own analysis and forecasts of the world economy. A top-down approach is employed, with Oxford Economics' suite of models used to ensure consistency between HSBC's forecasts for economic growth and exchange rates in key countries and the more granular projections for bilateral trade flows presented here.

Oxford Economics employs a global modelling framework, with headline bilateral trade forecasts constructed as a function of final demand in the destination market and the exporter's

competitiveness (as measured by relative unit labour costs). Exports, imports and trade balances are identified, with both historical estimates and forecasts for the periods 2015-20 and 2021-30.

These headline bilateral trade forecasts are also disaggregated by sector, using Oxford Economics' Industry forecasts to inform future production trends. Sectors are classified according to the UN's Standard International Trade Classifications (SITC) system at the two-digit level and grouped into 30 sector headings.

Oxford Economics produces a global report for HSBC, as well as country specific reports on the following 23 countries: Hong Kong, China, Australia, Indonesia, Malaysia, India, Singapore, Vietnam, Bangladesh, Canada, USA, Brazil, Mexico, Argentina, UK, France, Turkey, Germany, Poland, Ireland, UAE, Saudi Arabia, and Egypt. The analysis also includes trade with Japan and Korea for a total sample of 25 key trading nations.

All trade flows data are reported in nominal US-dollar value terms (using market exchange rates) unless otherwise specified. This means that fluctuations in a country's terms-of-trade due to relative price and exchange rate effects are reflected in the data.

A moderate recovery continues

General Information



GDP	USD3,730 bn (World ranking 4, World Bank 2013)
Population	80.6 mn (World ranking 16, World Bank 2013)
Form of state	Federal Republic
Head of government	Angela MERKEL (CDU)
Next elections	2017, legislative



Strengths

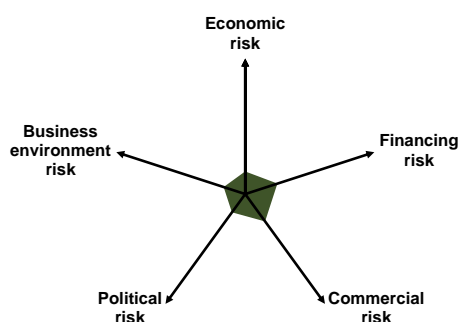
- Low systemic political risk
- Good regional and international relations; EU membership
- Healthy public finances
- Strong manufacturing base (one quarter of GDP)
- Production and export of high-end products
- Adequate export diversification (products and trade partners)
- Current account surpluses since 2002

Weaknesses

- Ageing population
- Dependence on exports
- Declining investment-to-GDP ratio (20% in 2014)
- Proximity to the Russia-Ukraine conflict
- Vulnerable to slowdown in Chinese demand, especially investment spending
- Exposure to Eurozone growth

Country Rating

AA1



Source: Euler Hermes

Trade Structure

By destination/origin (% of total; 2013)

Exports	Rank	Imports
France	9% 1	10% Netherlands
United States	8% 2	8% China
United Kingdom	7% 3	7% France
Netherlands	6% 4	5% United States
China	6% 5	5% Italy

By product (% of total; 2012)

Exports	Rank	Imports
Cars And Cycles	11% 1	6% Crude Oil
Engines	5% 2	5% Natural Gas
Miscellaneous Hardware	5% 3	4% Electrical Apparatus
Pharmaceuticals	5% 4	4% Pharmaceuticals
Electrical Apparatus	4% 5	4% Cars And Cycles

Sources: Destatis, Chelem



EULER HERMES
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Economic Overview

Outlook for moderate recovery ...

After very strong growth of seasonally adjusted real GDP of +0.8% q/q in Q1 2014, the economy lost momentum in the following two quarters. GDP contracted by -0.1% q/q in Q2, followed by a modest +0.1% q/q increase in Q3. The sharp slowdown was partly due to a mild winter which led to considerable frontloading of construction activity in Q1, but was also a result of the weaker-than-expected recovery in external demand. However Q4 saw a pick-up of economic recovery with GDP growth of +0.7% q/q. The main contributions for full year growth came from consumption (+0.7pps), investment (+0.7pps) and net exports (+0.4pps). Going forward, domestic demand is likely to remain robust while the recovery of external demand will continue to be gradual. Euler Hermes expects full-year real GDP growth of +1.7% in 2015 and +1.6% in 2016, ongoing geopolitical tensions pose some downside risks to this outlook.

...supported by a turnaround in sentiment surveys

Germany's economy continues to show evidence that the sentiment crisis that began in spring 2014 is behind it. Most recently, the February 2015 Composite Output PMI increased for the third month in a row to 53.8, driven by services which rose to 54.7. The manufacturing component increased, albeit only moderately, to 51.1, pointing to soft industrial production growth in Q1/2014. In line, the IFO index increased in February for a fourth month in a row (106.8 vs. 106.7). Companies assessed their current business situation slightly less positive than in January (111.3 vs. 111.7) but that keeps the index still well above historic average. All in all, the major sentiment indicators took a breath in February after the strong gains in the recent months but remain favourable pointing to continued expansion.

Domestic demand remains the main growth driver despite the soft private investments...

After an overall solid performance throughout 2014 (+1.2% y/y) consumer spending is set to be the major contributor to GDP growth in 2015. Key driver of this development should be a continuation of strong wage growth (+3.3%) supported by the introduction of a sector wide minimum wage (increasing wages by 1.6pps alone) and a further favourable development of the labour market seeing the unemployment rate decreasing to 6.6%. Further spending drivers should be an estimated 2014/2015 oil price drop of 25% in EUR terms. The windfall gains in Q4/2014 (-20% q/q in EUR terms) seem to have surprised consumers, as the saving rate increased to 9.8% (from 9.2% in Q3/2014), which might lead to further spending increases in the following quarters.

2015's fixed investment is likely to be soft due to two main drags on private investment: (i) uncertainties related to the Eurozone recovery and geopolitical risks (Russia-Ukrainian crisis and Middle East); and (ii) the introduction of social policies (minimum wages and pensions) which we expect will weigh on margins and increase the skilled labour supply bottleneck. While industrial production slowed since the beginning of 2014, the capacity utilization rate decreased in Q4-2014 to its long time average. Without a more certain environment EH expects companies to be reluctant to add much to their capital stock.

Construction investment currently operates in particularly favorable environment - QE driving record low mortgage and interest rates- should see

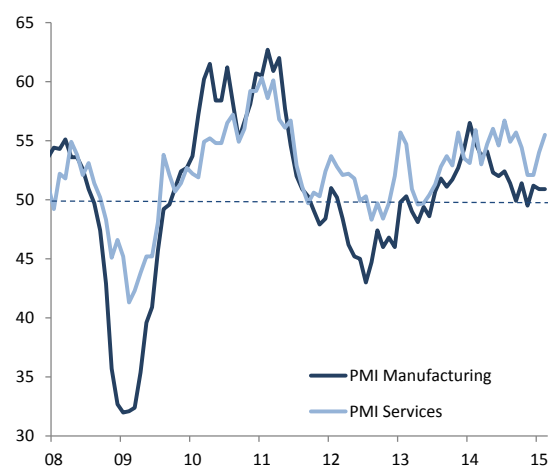
Key economic forecasts

Germany		weight	2013	2014	2015	2016
GDP		100%	0.2	1.6	1.7	1.6
Consumer Spending		55%	0.9	1.2	1.9	1.2
Public Spending		9%	0.7	1.1	1.1	0.8
Investment		20%	-0.4	3.4	1.3	2.1
Stocks	*	-1%	0.1	-0.4	-0.3	0.0
Exports		45%	1.7	3.8	4.5	4.2
Imports		38%	3.2	3.3	4.1	3.9
Net exports	*	7%	-0.5	0.4	0.5	0.4
Current account	**		192	192	170	185
Current account (% of GDP)			6.8	6.6	5.7	6.1
Employment			0.6	0.9	0.8	0.6
Unemployment rate			6.9	6.7	6.6	6.5
Wages			2.5	3.0	3.3	2.4
Inflation			1.5	0.7	0.3	1.3
General government balance	**		4	12	6	3
General government balance (% of GDP)			0.1	0.4	0.2	0.1
Public debt (% of GDP)			76.7	75.0	74.0	72.7
Nominal GDP		**	2 814	2 908	2 971	3 043

Change over the period, unless otherwise indicated: * contribution to GDP growth ** euro billions

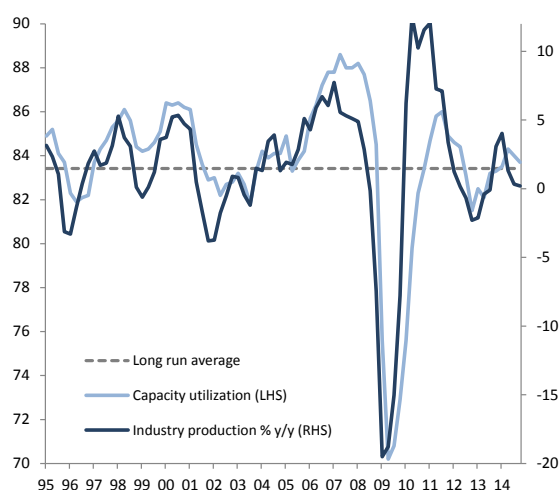
Sources: National statistics, IHS, Euler Hermes

Purchasing Managers' Index (PMI)



Sources: Markit, Euler Hermes

Capacity utilization rate and industrial production



Sources: Ifo, DEstat, Euler Hermes

construction investment continue to expand, albeit continuing the slower pace of 2014 (3.1% y/y) following the high base of growth in 2013 (9.1% y/y).

... but external demand will also contribute

Export growth has held firm steadily risen in the course of 2014, reaching +2.0% q/q in Q3 and +1.2% q/q in Q4, suggesting that a positive impact from the EUR weakness and second round effects from lower oil prices have more than offset the adverse effects of the Russian crisis. With global trade accelerating slightly (+4.0% in 2014 from +3.3% in 2013) we see German exports increasing mildly in 2015 to +4.5% from +3.8% in 2014. Given the improvement in household purchasing power, imports are expected to increase stronger, accelerating to +4.1% in 2015 from +3.3% in 2014. As a result, net exports should contribute +0.5pps to overall growth in 2015. The current account balance will remain firmly in surplus. Euler Hermes forecasts annual surpluses of around 6% of GDP in 2015-16.

Deflation risk limited

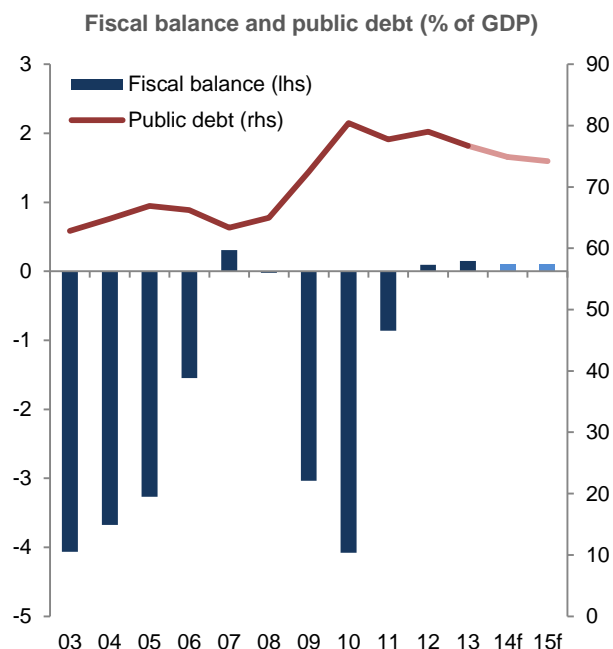
On the back of lower food prices and falling energy prices, headline inflation has gradually fallen from +1.3% y/y in January 2014 to -0.4% y/y in January 2015 while it picked up slightly again in February 2015 to +0.1% y/y. German inflation remains above the Eurozone average (-0.3% y/y in February), which is well below the ECB's target (close to 2%). Euler Hermes forecasts average annual inflation to soften slightly from 0.9% in 2014 to 0.3% in 2015. However, given the expected recovery of oil prices, headline inflation should approach the ECB's target by 2016. Downside risks to this forecast include a sustained period of low oil and energy prices.

Public finances are healthy

In 2014, Germany achieved a small fiscal surplus of EUR12 bn (+0.4% of GDP). In line with the government's target of balanced budgets, Euler Hermes forecasts only slight fiscal surpluses in 2015-2016, despite the increase in public spending under the new coalition government (higher retirement pensions, lowered retirement age, some increase in infrastructure and education spending), as stronger growth should generate higher revenues as well. Calls for a significant public spending increase appear, at present, likely to go unheeded.

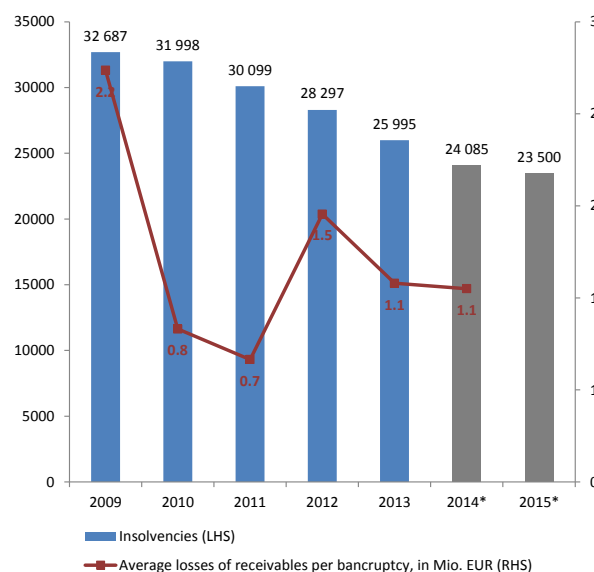
Insolvencies are expected to rise in 2015

After five years of continuous decrease, the number of corporate insolvencies is forecast to increase by -2% to around 23,500 cases in 2015. DSOs increased from 62 days in 2013 to 72 days in H1 2014 while the average expected loss of receivables per insolvency remained stable at 1.1 Mio. EUR in 2014 but notably higher compared to 0.7 million euros in 2011.



Sources: Deutsche Bundesbank, Euler Hermes

Corporate insolvencies and loss of receivables



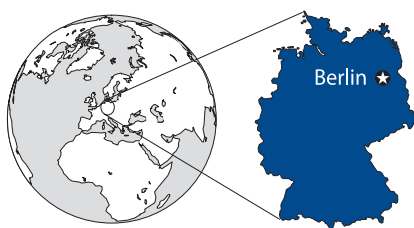
Sources: Destatis, Euler Hermes

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World Rank: **17**

Regional Rank: **8**

Germany's economy has been resilient in the face of global economic uncertainty. The government has held firm to sound public finance, and deficit-cutting efforts have kept public spending under control. Earlier labor market reforms that raised working-hour flexibility and reduced structural unemployment have helped to sustain the relatively robust job market.

ECONOMIC FREEDOM SNAPSHOT

- 2016 Economic Freedom Score: **74.4** (up 0.6 point)
- Economic Freedom Status: **Mostly Free**
- Global Ranking: **17th**
- Regional Ranking: **8th in Europe**
- Notable Successes: **Rule of Law and Open Markets**
- Concerns: **Fiscal Freedom and Labor Freedom**
- Overall Score Change Since 2012: **+3.4**

Germany's commitment to regulatory efficiency and open-market policies continues to be bolstered by the effective protection of property rights. The rule of law is well maintained, and a strong tradition of minimal tolerance for corruption is firmly institutionalized.

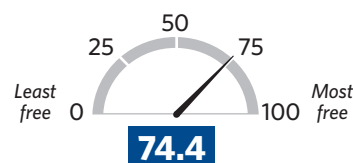
BACKGROUND: Chancellor Angela Merkel's Christian Democratic Union won the biggest share of the national vote in the September 2013 election, but its economically liberal coalition partner, the Free Democratic Party, is no longer in the Bundestag. In December 2013, Merkel's party formed a new coalition government with the Social Democratic Party. Economic reforms remain stalled, with most policy attention focused on rescuing the euro. Germany has funded the lion's share of large rescue packages for fellow eurozone members. Its industrialized economy, which is Europe's largest and well integrated into the global marketplace, generates average per capita incomes that are among the world's highest. Growth has slowed, but Germany's unemployment rate is still one of Europe's lowest. Germany remains, both politically and economically, the most influential nation in the EU.

How Do We Measure Economic Freedom?

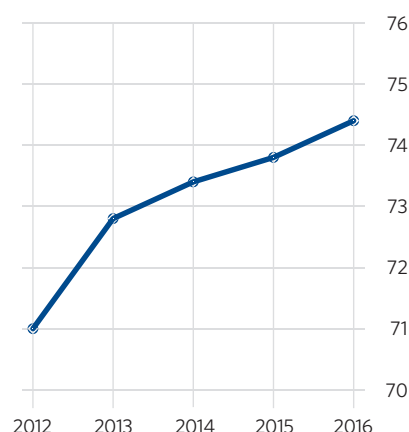
See page 467 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

GERMANY

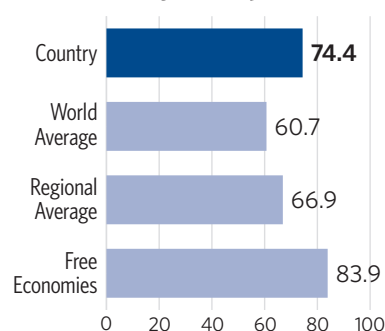
Economic Freedom Score



Freedom Trend



Country Comparisons



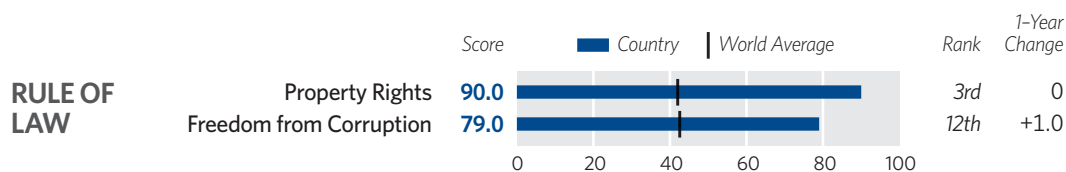
Quick Facts

Population: 81.1 million
GDP (PPP): \$3.7 trillion
 1.6% growth in 2014
 5-year compound annual growth 2.0%
 \$45,888 per capita
Unemployment: 5.0%
Inflation (CPI): 0.8%
FDI Inflow: \$1.8 billion
Public Debt: 73.1% of GDP

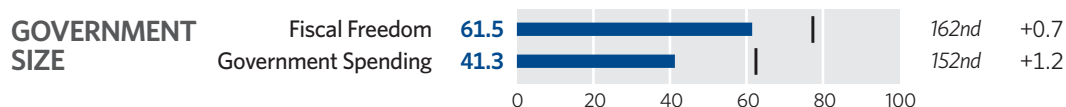
2014 data unless otherwise noted.
 Data compiled as of September 2015.

GERMANY (continued)

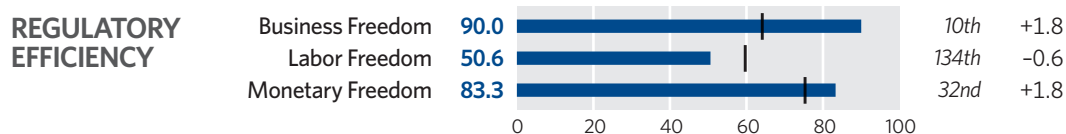
THE TEN ECONOMIC FREEDOMS



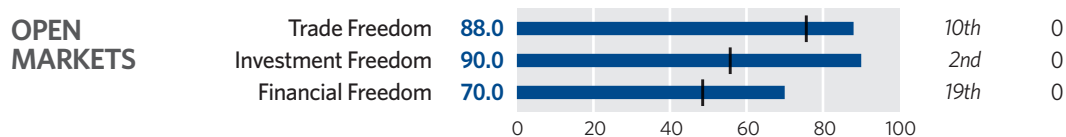
Although government transparency is high and anti-corruption measures are enforced effectively, the auto industry, construction, and public contracting, in conjunction with questionable political party influence and party donations, are areas of continued concern. The law fully protects property owned by foreigners, and secured interests in both chattel and real property are recognized and enforced.



The top individual income tax rate is 45 percent. The federal corporate tax rate is 15.8 percent (15 percent plus a 5.5 percent solidarity surtax). Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 36.7 percent of GDP. Government spending amounts to 44.3 percent of GDP. Public debt equals approximately 73 percent of GDP, but the fiscal balance is in surplus.



The regulatory regime aids dynamic business formation. No minimum capital is required to launch a new business. The labor market functions well, and employers and workers have worked cooperatively in response to the changing economic environment. The government has cut subsidies for renewable energy sources but maintains price controls in other economic sectors, such as rental housing.



EU members have a 1 percent average tariff rate. Trade agreements are currently being negotiated with countries that include the United States and Japan. Foreign and domestic investors are generally treated equally under the law. The financial sector, competitive and largely stable, offers a full range of services. The traditional three-tiered system of private, public, and cooperative banks remains intact.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+28.3	Business Freedom	+5.0	Trade Freedom	+10.2
Freedom from Corruption	-11.0	Government Spending	+10.7	Labor Freedom	+1.9	Investment Freedom	+20.0
				Monetary Freedom	+1.7	Financial Freedom	0

Top products at 4 digits HS level imported by Germany in 2014-15 and Exporting Countries

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators				Top Exporters to Germany for Selected Products		
		Imported value 2015 (USD '000) Est.	Imported value 2014 (USD '000)	Trade balance 2014 (USD '000)	Annual value growth 2010-14 (% , p.a.)			
	All products	1,050,270,375	1,214,955,667	283,202,111	2	Netherlands	France	China
'8703	Cars (incl. station wagon)	45,282,194	46,544,281	113,762,041	5	USA	Spain	
'8708	Parts & access of motor vehicles	33,885,657	37,925,197	22,423,520	8	Russia	Netherlands	Norway
'3004	Medicament mixtures	24,185,413	26,298,048	25,294,342	2	Czech Rep.	Poland	France
'8471	Automatic data processing machines;optical reader, etc	21,078,200	21,513,727	(8,725,845)	0	Belgium	UK	Netherlands
'2710	Petroleum oils, not crude	20,290,747	32,967,721	(14,875,918)	5	China	Netherlands	Czech Rep.
'8517	Electric app for line telephony,incl curr line system	19,870,144	20,051,542	(6,926,879)	10	Netherlands	Russia	Belgium
'3002	Human & animal blood; antisera, vaccines, toxins, micro-organism cultu	17,296,627	18,820,183	3,516,382	6	Netherlands	Switzerland	USA
'8802	Aircraft, (helicopter,aeroplanes) & spacecraft	16,147,303	19,741,579	14,124,675	5	France	USA	Brazil
'8542	Electronic integrated circuits and microassemblies	13,433,562	13,836,776	13,045	2	Netherlands	France	Taipei
'8544	Insulated wire/cable	9,510,232	10,392,451	(2,619,292)	3	Romania	Czech Rep.	Hungary
'8411	Turbo-jets, turbo-propellers and other turbines	8,633,041	10,602,833	(2,043,749)	16	USA	France	Poland
'8443	Printing machinery;	8,591,444	10,245,569	1,125,888	(7)	Netherlands	China	Malaysia
'8803	Aircraft parts	8,224,798	8,742,644	932,147	(3)	France	UK	USA
'9018	Electro-medical apparatus (electro-cardiographs, infra-red ray app, sy	8,063,613	8,890,724	5,075,359	6	USA	Netherlands	Belgium
'9401	Seat (o/t dentists' & barbers' chairs, etc),	7,585,075	8,739,529	(4,260,868)	6	Poland	Czech Rep.	China
'2933	Heterocyclic compounds with nitrogen hetero-atom; nucleic acids & thei	7,583,192	6,624,607	(2,647,136)	12	Belgium	Switzerland	China
'8536	Electrical app for switchg (ex fuse,switch,etc) not exceedg 1000 volt	6,813,914	7,678,747	5,672,641	4	China	Czech Rep.	France
'4011	New pneumatic tires, of rubber	6,275,526	7,642,258	(1,346,889)	4	Czech Rep.	France	Netherlands
'8409	Part for use solely/principally with motor engines	6,168,326	7,203,688	8,250,147	7	Turkey	Austria	Poland

Top products at 4 digits HS level imported by Germany in 2014-15 and Exporting Countries

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators				Top Exporters to Germany for Selected Products		
		Imported value 2015 (USD '000) Est.	Imported value 2014 (USD '000)	Trade balance 2014 (USD '000)	Annual value growth 2010-14 (% , p.a.)			
'8528	Television receivers (incl video monitors & video projectors)	6,023,235	7,008,231	(4,626,034)	(3)	Netherlands	Slovakia	Poland
'8408	Diesel or semi-diesel engines	5,513,655	6,212,265	1,549,391	3	Austria	Hungary	Poland
'8541	Diodes/transistors&sim semiconductor devices;	5,382,079	5,958,022	243,743	(27)	China	Netherlands	Poland
'8504	Electric transformer,static converter	5,279,972	5,924,938	2,820,794	(2)	China	Netherlands	UK
'9403	Other furniture and parts thereof	5,277,854	5,985,994	1,926,104	4	Poland	China	Italy
'7601	Unwrought aluminu	5,243,616	6,330,599	(5,314,866)	1	Netherlands	UK	UAE
'8481	Tap,cock, valve for pipe,tank for the like,incl pressure reducing valve	5,167,537	5,923,686	6,703,794	5	China	Italy	USA
'8704	Trucks, motor vehicles for the transport of goods	5,057,049	5,146,451	5,734,297	(2)	France	Netherlands	Italy
'9021	Orthopaedic appliances (crutche/surgical belts & trusse)	5,011,778	4,971,713	291,632	9	Netherlands	Switzerland	USA
'3926	Article of plastic nes.	4,998,699	5,714,472	3,214,350	7	China	Czech Rep.	Poland
'8421	Centrifuges, incl centrifugal dryers; filtering/purifying machinery	4,934,485	5,525,916	7,556,137	10	South Africa	Macedonia	Czech Rep.
'8537	Board & panels, equipped with two/more switches, fuses	4,902,281	5,438,460	5,737,975	22	Hungary	Romania	Czech Rep.
'8483	Transmission shafts&cranks, bearing housing; gearing; etc	4,840,771	5,602,906	7,118,632	9	Italy	China	France
'8501	Electric motors and generators (excluding generating sets)	4,343,445	4,774,413	2,834,246	8	China	Switzerland	France
'6403	Footwear, upper of leather	4,338,109	5,090,639	(2,248,392)	6	Italy	China	Netherlands
'2701	Coal; briquettes, ovoids & similar solid fuels manufactured from coal	4,297,793	5,554,712	(5,501,273)	1	Netherlands	Russia	USA
'8414	Air, vacuum pumps; hoods incorp a fan	4,260,318	5,227,610	5,351,774	6	Netherlands	Italy	Japan
'6203	Men's suits, jackets, trousers etc & shorts	4,184,499	4,817,726	(2,009,574)	3	Bangladesh	China	Turkey
'8473	Parts&acces of computers & office machines	4,175,553	5,123,807	(1,858,587)	(2)	Netherlands	China	Czech Rep.
'8413	Pumps for liquids; liquid elevators	4,159,490	4,961,572	6,775,746	5	Czech Rep.	Italy	France

Top products at 4 digits HS level imported by Germany in 2014-15 and Exporting Countries

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators				Top Exporters to Germany for Selected Products		
		Imported value 2015 (USD '000) Est.	Imported value 2014 (USD '000)	Trade balance 2014 (USD '000)	Annual value growth 2010-14 (% , p.a.)			
'6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	4,133,545	4,941,366	(2,696,811)	2	China	Bangladesh	Turkey
'3901	Polymers of ethylene, in primary forms	4,024,072	4,704,422	(432,308)	3	Belgium	Netherlands	France
'7403	Refined copper and copper alloys, unwrought	4,011,802	4,779,540	(3,442,876)	(5)	Netherlands	Russia	Poland
'8479	Machines&mech appl having indiv functions, nes	3,999,117	4,439,152	9,862,148	7	Switzerland	USA	Czech Rep.
'6109	T-shirts, singlets and other vests, knitted or crocheted	3,935,091	4,603,300	(2,341,859)	4	Bangladesh	Turkey	Netherlands
'6204	Women's suits, jackets,dresses skirts etc&shorts	3,868,845	4,473,347	(2,094,526)	2	China	Poland	Netherlands
'9027	Instruments for physical/chemical analysis;inst for viscosity,heat,etc	3,823,523	3,975,245	3,587,672	1	Japan	USA	Netherlands
'8482	Ball or roller bearings	3,761,289	4,686,390	564,486	5	Slovakia	Italy	Austria
'0901	Coffee	3,744,015	4,017,856	(1,530,280)	(1)	Brazil	Vietnam	Honduras
'0406	Cheese and curd	3,717,386	4,651,877	480,327	7	Netherlands	France	Italy
'8512	Electrical lighting/signalling equip,windscreen wipers,defrosters,etc	3,700,231	4,157,523	(878,817)	13	Czech Rep.	Spain	Slovakia
'2922	Oxygen-function amino-compounds	3,628,122	3,146,702	(2,189,393)	6	Belgium	China	Switzerland
'7326	Articles of iron or steel nes	3,558,099	4,150,924	1,131,872	6	Czech Rep.	China	Italy
'8516	Electric instantaneous water heater,space htg;	3,497,625	3,844,153	164,713	4	China	France	Italy
'3907	Polyacetal,o polyether,epoxide resin,polycarbonate,etc,in primary form	3,456,520	4,125,978	346,141	5	Netherlands	Belgium	Italy
'8523	Prepared unrecordd media for sound record	3,403,843	4,236,719	1,058,825	2	Netherlands	Poland	Austria
'8431	Machinery part (hd 84.25 to 84.30)	3,391,141	4,206,664	1,301,906	4	Czech Rep.	Italy	Poland
'8407	Engines, spark-ignition reciprocating or rotary int. combust. Piston	3,361,388	4,292,661	1,200,082	(7)	Hungary	UK	Austria
'7318	Iron & steel screws,bolts,nuts,coach-screws, etc	3,318,077	3,785,896	2,291,341	5	Italy	Taipei	Netherlands
'7219	Flat-rolled products of stainless steel, of a width of 600mm or more	3,316,642	3,577,921	(2,309,605)	7	Finland	Belgium	France

Top products at 4 digits HS level imported by Germany in 2014-15 and Exporting Countries

Sources: ITC calculations based on UN COMTRADE statistics.

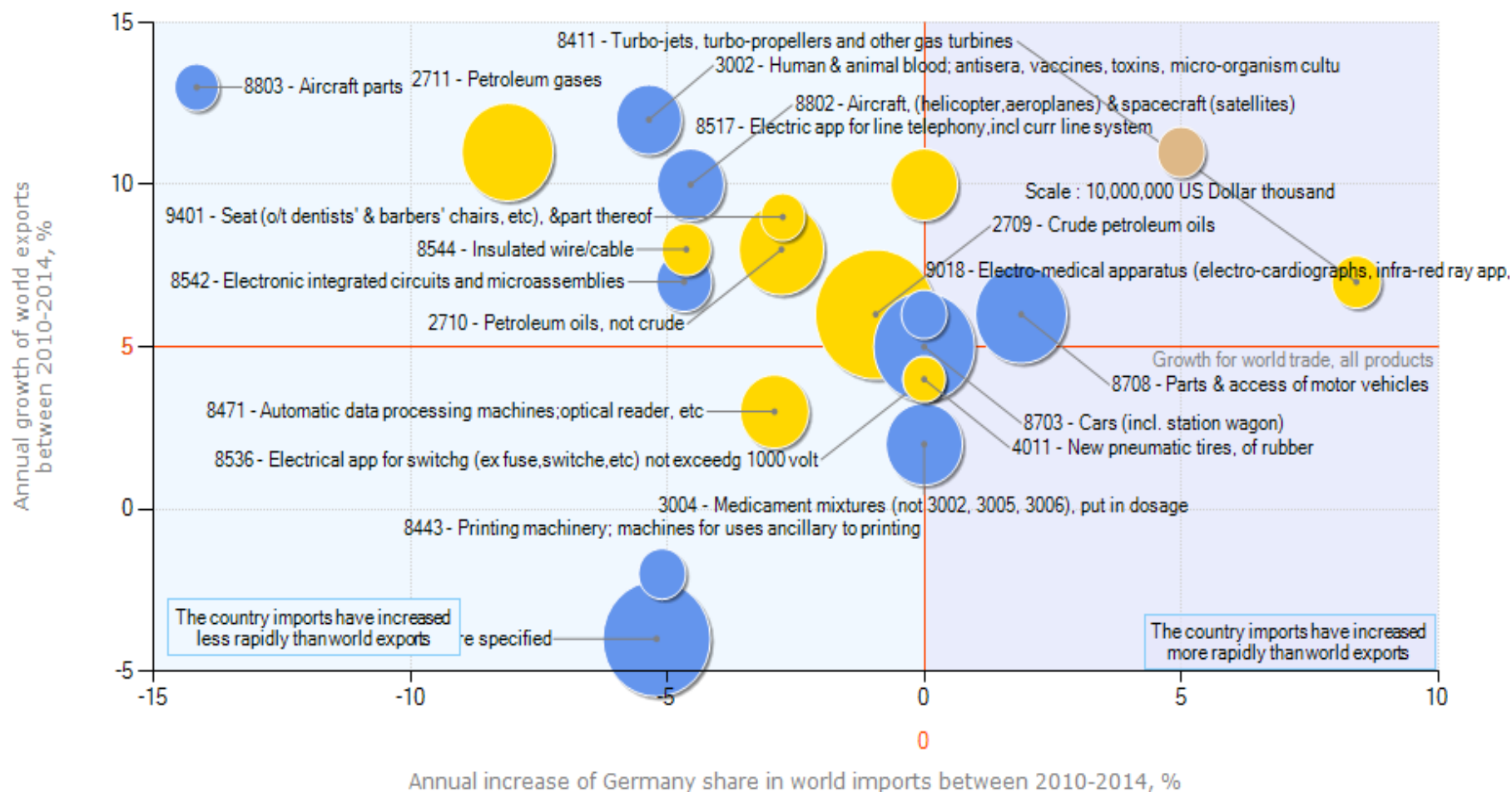
Code	Product label	Trade Indicators				Top Exporters to Germany for Selected Products		
		Imported value 2015 (USD '000) Est.	Imported value 2014 (USD '000)	Trade balance 2014 (USD '000)	Annual value growth 2010-14 (% , p.a.)			
'3923	Plastic packing goods or closures stoppers, lids, caps, closures, plas	3,261,458	3,634,006	1,370,632	5	Netherlands	Poland	Switzerland
'4202	Trunks,suit-cases,camera cases,handbags etc,of leather,plas,tex etc	3,188,524	3,337,033	(1,756,054)	9	China	France	Italy
'9405	Lamps & lighting fittings nes; signs, nameplates illuminated	3,177,886	3,691,119	(173,131)	12	China	Netherlands	Austria
'7210	Flat-rolled prod of iron or non-al/s wd>=600mm,clad, plated or coated	3,142,848	3,625,436	(506,738)	0	Belgium	France	Austria
'4810	Paper & paperboard, coated with kaolin or other inorganic substances	3,137,468	3,772,294	289,294	(1)	Finland	Sweden	Austria
'9031	Measuring or checking machines, nes	3,112,261	3,352,781	5,059,123	9	USA	Switzerland	Philippines
'3920	Other plates, sheets, film, foil, tape, strip of plastics etc.	3,110,532	3,582,784	3,136,581	3	Italy	Belgium	Austria
'7112	Waste & scrap of precious metal	3,110,501	3,803,577	(2,562,720)	4	Belgium	USA	Bulgaria
'7108	Gold unwrought or in semi-manuf forms	3,104,264	4,436,319	1,099,486	(3)	Switzerland	Austria	Sweden
'7606	Aluminum plates, sheets and strip,	3,067,575	2,896,727	2,263,757	4	Switzerland	Belgium	France
'7110	Platinum, unwrought or in semimanufactured	2,939,669	3,041,357	(700,482)	(5)	South Africa	UK	Belgium
'3822	Composite diagnostic or laboratory reagents, nes	2,823,910	3,059,402	1,133,559	4	USA	UK	Netherlands
'2601	Iron ores & concentrates; including roasted iron pyrites	2,752,677	4,773,912	(4,761,577)	(5)	Netherlands	Brazil	Sweden
'9503	Other toys;scale model (puzzles of all kinds, stuffed toys, electric t	2,741,322	2,927,570	(860,464)	5	China	Czech Rep.	Netherlands
'2204	Wine of fresh grapes	2,738,568	3,422,806	(2,107,554)	5	Italy	France	Spain
'7308	Structures (rods,angle, plates) of iron & steel nes	2,734,491	3,301,533	2,112,361	9	Poland	Czech Rep.	Netherlands
'3824	Chemical industry products and residuals nes	2,710,242	3,899,546	3,257,247	1	Ireland	Belgium	Netherlands
'4016	Articles of vulcanised rubber o/t hard rubber, nes	2,696,954	3,153,874	795,198	7	Poland	Czech Rep.	Italy
'8529	Part suitable for use solely/princ with televisions, recpt app	2,675,390	3,355,932	(597,462)	(4)	China	Hungary	Taipei

Top products at 4 digits HS level imported by Germany in 2014-15 and Exporting Countries

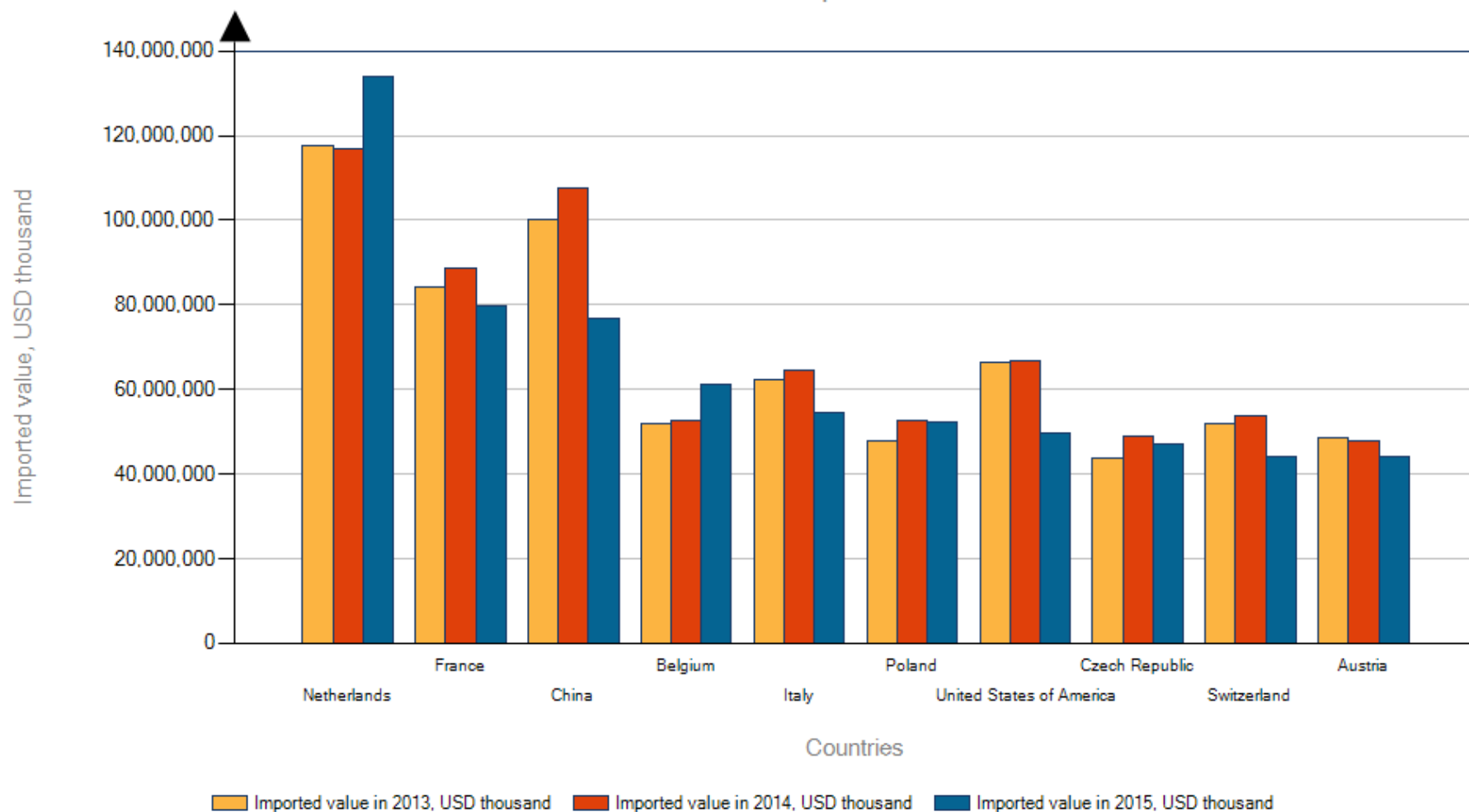
Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators				Top Exporters to Germany for Selected Products		
		Imported value 2015 (USD '000) Est.	Imported value 2014 (USD '000)	Trade balance 2014 (USD '000)	Annual value growth 2010-14 (% , p.a.)			
'8507	Electric accumulator	2,657,928	2,579,423	(114,648)	10	China	Japan	Korea
'4703	Chemical wood pulp, soda or sulphate,	2,647,225	2,729,167	(2,047,903)	(5)	Sweden	Brazil	Netherlands
'3902	Polymers of propylene or of other olefins	2,584,203	3,324,185	343,176	5	Belgium	Netherlands	Austria
'8418	Refrigerator, freezer, etc	2,547,605	3,008,549	(405,789)	6	France	Italy	China
'9032	Automatic regulating or controlling instruments	2,511,361	2,986,872	2,782,778	3	Hungary	France	USA
'0802	Nuts nes	2,465,820	2,031,952	(1,498,219)	11	USA	Turkey	Spain
'8302	Base metal mountings, fttgs & sim art suitable for furn, doors, etc	2,464,321	2,823,235	2,499,096	3	China	Austria	Poland
'7404	Copper waste and scrap	2,450,732	3,329,705	(1,304,291)	(2)	Netherlands	France	UK
'8701	Tractors (other than tractors of heading no 87.09)	2,417,610	3,047,310	7,105,256	11	Netherlands	Belgium	France
'6404	Footwear, upper of textile mat	2,315,307	2,144,000	(1,006,309)	18	China	Vietnam	Belgium
'8543	Electrical mach&app having individual function,	2,315,288	2,630,036	1,209,867	14	China	USA	France
'7208	Flat-rolld products of iron/non-al/s	2,294,599	2,859,722	(319,191)	(6)	Belgium	Netherlands	Austria
'6402	Footwear nes, outer soles/uppers of rubber/ plastics	2,226,696	2,370,312	(1,044,757)	8	China	Vietnam	Netherlands
'6104	Women's suits,dresses,skirt etc&short, knit/croch	2,188,233	2,472,032	(1,154,578)	8	China	Turkey	Bangladesh
'8518	Microphones&stand;loudspeaker;headphone	2,179,885	2,287,308	(643,023)	11	China	Netherlands	Belgium
'1806	Chocolate and other food preparations w/cocoa	2,076,836	2,606,901	2,357,113	12	Belgium	Switzerland	Netherlands
'2603	Copper ores and concentrates	2,071,856	2,578,410	(2,554,206)	(2)	Brazil	Peru	Chile
'8419	Machinery,plant/lab,involving a change of temp	2,069,492	2,503,903	3,568,670	7	Switzerland	Italy	France
'3304	Beauty, make-up & skin-care preparations; sunscreens, manicure or pedi	2,055,075	2,278,673	881,596	8	France	Switzerland	Italy
'3215	Printing, writing or drawing inks & inks nes	2,051,786	2,625,908	859,911	21	UK	Netherlands	Czech Rep.
'8525	Television camera, transmissn app for radio-telephony	2,050,142	2,328,577	(343,736)	(7)	Netherlands	China	Poland

Growth of national demand and international supply for products imported by Germany in 2014

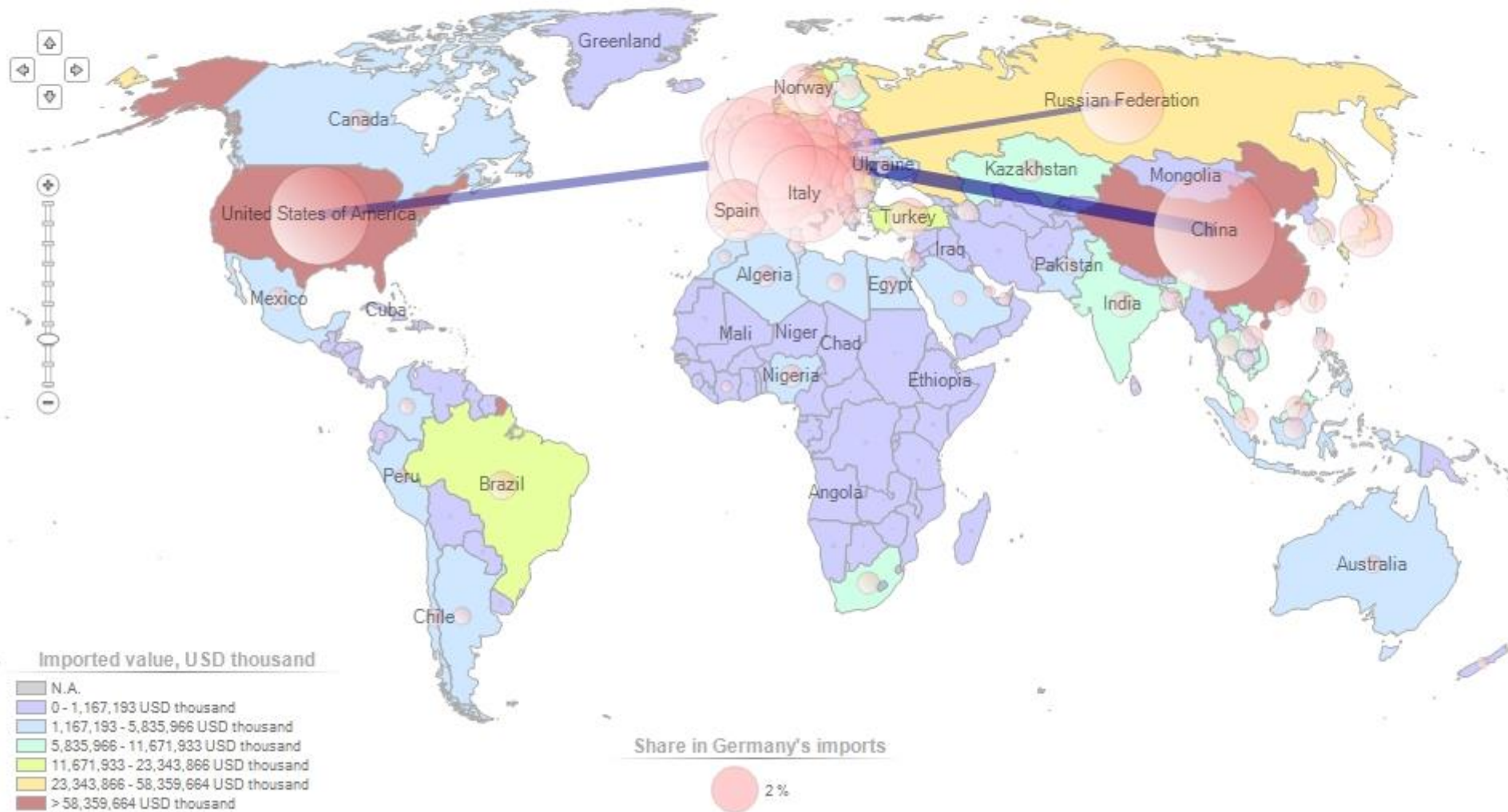


List of supplying markets for a product imported by Germany
Product: TOTAL All products



List of supplying markets for a product imported by Germany in 2014

Product : TOTAL All products



Top products Exported by UAE to Germany

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators		
		Imported value 2014 (USD '000)	Annual growth in value between 2010- 2014, %, p.a.	UAE Share in Germany's imports, %
	All products	1,065,725	6	0.1
'7601	Unwrought aluminum	468,697	27	7.4
'9999	Commodities not elsewhere specified	71,164	(17)	0.1
'8803	Aircraft parts	62,321	71	0.7
'8507	Electric accumulator	36,021	334	1.4
'3920	Other plates, sheets, film, foil, tape, strip of plastics etc.	30,116	(13)	0.8
'6908	Glazed ceramic flags&paving,hearth/wall tiles; mosaic cube	24,223	(4)	3.9
'8411	Turbo-jets, turbo-propellers and other gas turbines	19,691	(19)	0.2
'7112	Waste & scrap of precious metal	17,647	22	0.5
'7404	Copper waste and scrap	17,000	20	0.5
'2901	Acyclic hydrocarbons	12,969	(17)	0.6
'9504	Articles for funfair, table/parlour games&auto bowling alley equipment	12,862	157	0.7
'8481	Tap,cock, valve for pipe,tank for the like,incl pressure reducing valve	12,651	30	0.2
'7113	Articles of jewellery&parts thereof	12,585	35	0.8
'9703	Original sculptures and statuary, in any material	9,432	237	9.1
'9406	Prefabricated buildings	8,811	32	1.5
'8544	Insulated wire/cable	7,433	(44)	0.1
'8517	Electric app for line telephony,incl curr line system	7,304	8	0.0
'8471	Automatic data processing machines;optical reader, etc	7,162	38	0.0
'6104	Women's suits,dresses,skirt etc&short, knit/croch	6,258	13	0.3
'3922	Baths,shower-baths,wash-basins,bidet etc of plastic	6,140	1	1.4
'2933	Heterocyclic compounds with nitrogen hetero-atom; nucleic acids & thei	5,744		0.1
'3921	Plates, sheets, film, foil and strip, of plastics, nes	5,614	19	0.3
'3926	Article of plastic nes.	5,603	(6)	0.1
'8479	Machines&mech appl having indiv functions, nes	5,537	6	0.1
'4203	Articles of apparel&clothing access, of leather or composition leather	5,521	(5)	0.6
'8003	Tin bars, rods, profiles and wire	5,442		24.9
'7103	Precious & semi-precious stone,not strug,	4,982	72	3.9
'8543	Electrical mach&app having individual function, nes	4,891	(5)	0.2
'3824	Chemical industry products and residuals nes	4,646	163	0.1
'1701	solid form	4,587		0.8
'5205	Cotton yarn (not sewing thread) 85% or more cotton, not retail	4,517		2.4
'8703	Cars (incl. station wagon)	4,297	(10)	0.0

Top products Exported by UAE to Germany

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators		
		Imported value 2014 (USD '000)	Annual growth in value between 2010- 2014, %, p.a.	UAE Share in Germany's imports, %
'8537	Board & panels, equipped with two/more switches, fuses	3,913	77	0.1
'3901	Polymers of ethylene, in primary forms	3,663	97	0.1
'9014	Direction finding compasses; other navigational instruments & appliances	3,612	50	0.7
'8708	Parts & accessories of motor vehicles	3,492	10	0.0
'9702	Original engravings, prints and lithographs	3,436		17.0
'6109	T-shirts, singlets and other vests, knitted or crocheted	3,399	(10)	0.1
'7216	Angles, shapes and sections of iron or non-alloy steel	3,354		0.4
'7318	Iron & steel screws, bolts, nuts, coach-screws, etc	3,017	(11)	0.1
'9705	Collection piece of zoo, botanic, history, etc.	2,918	431	2.9
'8431	Machinery part (hd 84.25 to 84.30)	2,889	9	0.1
'9018	Electro-medical apparatus (electro-cardiographs, infra-red ray app, sy	2,748	(12)	0.0
'6914	Ceramic articles, nes	2,690		4.2
'9701	Paintings, drawings, pastel, collages&sim art executd by hand	2,649	31	0.5
'8419	Machinery, plant/lab, involving a change of temp ex heating, cooking, etc	2,489	72	0.1
'7403	Refined copper and copper alloys, unwrought	2,468	28	0.1
'8414	Air, vacuum pumps; hoods incorp a fan	2,362	25	0.0
'6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	2,325	19	0.0
'9031	Measuring or checking machines, nes	2,311	9	0.1
'7223	Wire of stainless steel	2,240		0.9
'7102	Diamonds, not mounted or set	2,186	(13)	0.8
'8542	Electronic integrated circuits and microassemblies	2,093	19	0.0
'2905	Acyclic alcohols and their derivatives	2,019	243	0.1
'9026	Instruments for measuring/checking the flow/level/pressure of liq/gase	2,012	59	0.1
'8415	Air conditioning machines, with motor-driven elements	1,860	52	0.1
'8412	Engines and motors, nes	1,843	(4)	0.1
'9403	Other furniture and parts thereof	1,746	54	0.0
'7606	Aluminum plates, sheets and strip, of a thickness exceeding 0.2mm	1,700		0.1
'3005	Dressings packaged for medical use	1,643	304	0.2
'1702	Sugars, nes, incl chem pure lactose etc; artif honey; caramel	1,615		0.2
'8501	Electric motors and generators (excluding generating sets)	1,446	24	0.0
'3303	Perfumes and toilet waters	1,438	3	0.1
'8413	Pumps for liquids; liquid elevators	1,380	(19)	0.0
'3919	Self-adhesive plates, sheets, film etc of plastic w/n in rolls	1,360	(3)	0.1

Top products Exported by UAE to Germany

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators		
		Imported value 2014 (USD '000)	Annual growth in value between 2010- 2014, %, p.a.	UAE Share in Germany's imports, %
'9032	Automatic regulating or controlling instruments and apparatus	1,357	29	0.0
'8483	Transmission shafts&cranks, bearing housing; gearing; etc	1,308	27	0.0
'7324	Sanitary ware & parts thereof, of iron or steel	1,286	37	0.6
'8526	Radar apparatus, radio navigational app&radio remote control apparatus	1,277	(1)	0.1
'6307	Made up articles nes, including dress patterns	1,263	46	0.1
'7326	Articles of iron or steel nes	1,229	44	0.0
'8443	Printing machinery; machines for uses ancillary to printing	1,108	(13)	0.0
'6907	Unglazed ceram flags&paving,hearth/wall tiles; mosaic cube	1,104	29	0.5
'7108	Gold unwrought or in semi-manuf forms	1,083	(50)	0.0
'8536	Electrical app for switchg (ex fuse,switch,etc) not exceedg 1000 volt	1,037	3	0.0
'2620	Ash&residues containing metals of metallic compounds	1,036	217	0.2
'6204	Women's suits, jackets,dresses skirts etc&shorts	1,027	(18)	0.0
'8421	Centrifuges, incl centrifugal dryers; filtering/purifying machinery	990	14	0.0
'5208	Woven cotton fabrics, 85% or more cotton, weight less than 200 g/m2	973	(32)	0.2
'8529	Part suitable for use solely/princ with televisions, recpt app	951	12	0.0
'8466	Machinery parts&acces (machinery of hd 84.56 to 84.65)	949	2	0.1
'9506	Articles&equip for gymnastics, athletics, or sports/outdoor games nes	941	(18)	0.1
'6403	Footwear, upper of leather	934	(6)	0.0
'7304	Tubes, pipes and hollow profiles, seamless, of iron or steel	922	107	0.1
'8207	Interchangeable tl for hand tol, or for machine-tools	913	15	0.0
'0902	Tea	902	151	0.4
'6603	Parts, trimmings and accessories of art of heading no 66.01 or 66.02	876		3.2
'6206	Women's blouses & shirts	869	(22)	0.1
'8409	Part for use solely/principally with the motor engines	833	(3)	0.0
'6205	Men's shirts	829	(11)	0.1
'8417	Industrial/laboratory furnaces&ovens, incl incinerators, non-electric	811		0.5
'8523	Prepared unrecordd media for sound record (tapes)	811	(12)	0.0
'4016	Articles of vulcanised rubber o/t hard rubber, nes	783	7	0.0
'7307	Tube or pipe fittings, of iron or steel	769	91	0.1

Top products Exported by UAE to Germany

Sources: ITC calculations based on UN COMTRADE statistics.

Code	Product label	Trade Indicators		
		Imported value 2014 (USD '000)	Annual growth in value between 2010- 2014, %, p.a.	UAE Share in Germany's imports, %
'3923	Plastic packing goods or closures stoppers, lids, caps, closures, plas	768	24	0.0
'8503	Parts suitable for use solely/princ with machines of hd no 85.01/85.02	747	62	0.0
'8525	Television camera, transmissn app for radio-telephony	742	4	0.0
'8504	Electric transformer,static converter (for example rectifiers)	731	(5)	0.0
'4011	New pneumatic tires, of rubber	719	(18)	0.0
'8539	Electric filament or discharge lamps	706	(9)	0.1
'4901	Printed books,brochures,leaflets & similar printed matter	702	6	0.1
'7306	Tubes, pipes and hollow profiles of iron or steel nes	691	79	0.0
'2403	Pipe, chewing & snuff tobaccos	684	50	0.1
'7604	Aluminum bars, rods and profiles	662	132	0.0
'7308	Structures (rods,angle, plates) of iron & steel nes	658	71	0.0
'8430	Moving/grading/scraping/boring machinery for earth	645	158	0.3
'8438	Machinery, nes, for the ind preparation or mfr of food or drink	615	117	0.1
'8511	Electrical ignition/starting equip (spark plugs/starter motors)	602	19	0.0
'7312	Iron & steel strandd wire,ropes,cables, etc,not electrically insulated	593	(14)	0.1
'6106	Women's blouses & shirts, knitted or crocheted	590	(2)	0.1
'4303	Articles of apparel, clothing access and other articles of furskin	588		0.6
'8484	Gaskets & sim joints of met sheeting combined w/other material	585	49	0.1
'0207	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen	583		0.0
'9405	Lamps & lighting fittings nes; signs, nameplates illuminated	571	49	0.0
'9030	Oscilloscope/ spectrum analysers; instr for measuring ionising rad	555	(4)	0.1
'8502	Electric generating sets and rotary converters	541	30	0.1
'8487	Machinery parts, n.e.s. in chapter 84 (excl. parts containing electrical connectors, insul	540	326	0.1
'7615	Aluminum table, kitchen, household articles	531	239	0.2
'5407	Woven fabrics of synth. filam yarn (incl. hd no 54.04)	522		0.1

THE BUSINESS ENVIRONMENT

The absolute values of the indicators tell another part of the story (table 1.1). The indicators, on their own or in comparison with the indicators of a good practice economy or those of comparator economies in the region, may reveal bottlenecks reflected in large numbers of procedures, long delays or high costs. Or they may reveal unexpected strengths in an area of business

regulation—such as a regulatory process that can be completed with a small number of procedures in a few days and at a low cost. Comparison of the economy's indicators today with those in the previous year may show where substantial bottlenecks persist—and where they are diminishing.

Table 1.1 Summary of *Doing Business* indicators for Germany

Indicator	Germany DB2016	Germany DB2015	Denmark DB2016	Finland DB2016	France DB2016	Iceland DB2016	Norway DB2016	United Kingdom DB2016	Best performer globally DB2016
Starting a Business (rank)	107	110	29	33	32	40	24	17	New Zealand (1)
Starting a Business (DTF Score)	83.37	81.38	94.04	93.11	93.14	92.44	94.29	94.57	New Zealand (99.96)
Procedures (number)	9.0	9.0	4.0	3.0	5.0	5.0	4.0	4.0	New Zealand (1.00)*
Time (days)	10.5	14.5	3.0	14.0	4.0	4.0	4.0	4.5	New Zealand (0.50)
Cost (% of income per capita)	1.8	8.8	0.2	1.0	0.8	2.2	0.9	0.1	Slovenia (0.00)
Paid-in min. capital (% of income per capita)	33.9	35.8	14.3	6.8	0.0	8.4	4.8	0.0	105 Economies (0.00)*
Dealing with Construction Permits (rank)	13	13	5	27	40	45	26	23	Singapore (1)
Dealing with Construction Permits (DTF Score)	81.42	81.4	86.3	77.9	75.46	74.95	78.01	78.92	Singapore (92.97)
Procedures (number)	8.0	8.0	7.0	15.0	9.0	17.0	11.0	9.0	5 Economies (7.00)*

Indicator	Germany DB2016	Germany DB2015	Denmark DB2016	Finland DB2016	France DB2016	Iceland DB2016	Norway DB2016	United Kingdom DB2016	Best performer globally DB2016
Time (days)	96.0	96.0	64.0	64.0	183.0	84.0	110.5	105.0	Singapore (26.00)
Cost (% of warehouse value)	1.1	1.1	1.8	0.8	4.7	0.4	0.6	1.1	Qatar (0.00)
Building quality control index (0-15)	9.5	9.5	11.0	10.0	13.0	10.0	9.5	9.0	New Zealand (15.00)
Getting Electricity (rank)	3	3	12	16	20	8	18	15	Korea, Rep. (1)
Getting Electricity (DTF Score)	98.78	98.78	90.19	88.97	85.78	92.24	87.46	89.12	Korea, Rep. (99.88)
Procedures (number)	3.0	3.0	4.0	5.0	5.0	4.0	4.0	4.0	14 Economies (3.00)*
Time (days)	28.0	28.0	38.0	42.0	71.0	22.0	66.0	79.0	Korea, Rep. (18.00)*
Cost (% of income per capita)	42.0	44.4	112.8	29.1	41.3	11.7	11.5	26.7	Japan (0.00)
Reliability of supply and transparency of tariff index (0-8)	8.0	8.0	7.0	8.0	8.0	7.0	7.0	8.0	18 Economies (8.00)*
Registering Property (rank)	62	62	9	20	85	15	13	45	New Zealand (1)
Registering Property (DTF Score)	69.35	69.17	89.88	82.94	64.94	86.61	87.67	74.5	New Zealand (94.46)
Procedures (number)	5.0	5.0	3.0	3.0	8.0	3.0	1.0	6.0	4 Economies (1.00)*
Time (days)	39.0	40.0	4.0	32.0	49.0	3.5	3.0	21.5	3 Economies (1.00)*
Cost (% of property value)	6.7	6.7	0.6	4.0	6.1	3.6	2.5	4.6	Saudi Arabia (0.00)
Quality of the land administration index (0-30)	22.0	22.0	24.5	27.0	24.5	26.5	20.5	24.0	3 Economies (28.50)*

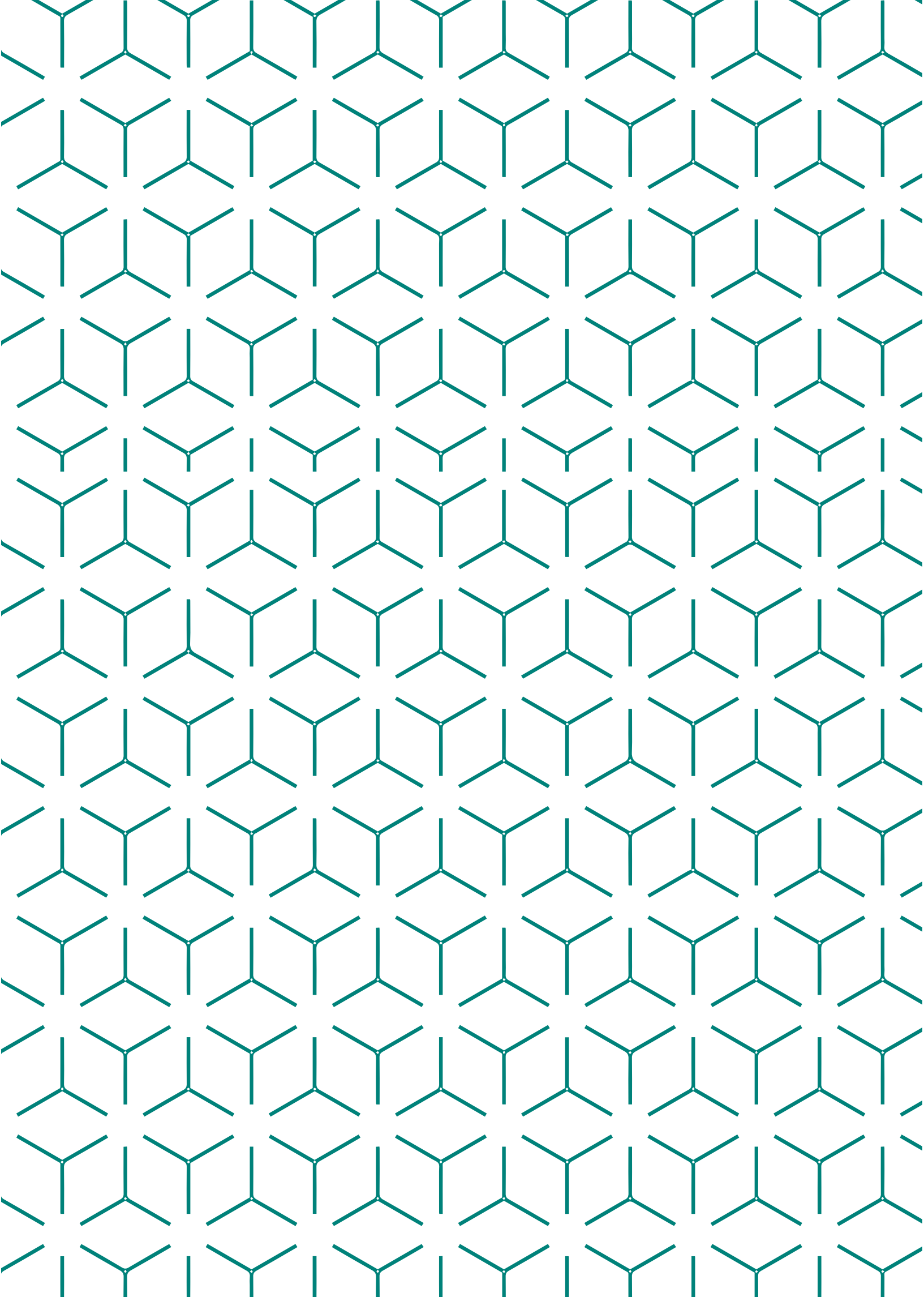
Indicator	Germany DB2016	Germany DB2015	Denmark DB2016	Finland DB2016	France DB2016	Iceland DB2016	Norway DB2016	United Kingdom DB2016	Best performer globally DB2016
Getting Credit (rank)	28	24	28	42	79	59	70	19	New Zealand (1)
Getting Credit (DTF Score)	70	70	70	65	50	60	55	75	New Zealand (100)
Strength of legal rights index (0-12)	6.0	6.0	8.0	7.0	4.0	5.0	5.0	7.0	3 Economies (12.00)*
Depth of credit information index (0-8)	8.0	8.0	6.0	6.0	6.0	7.0	6.0	8.0	26 Economies (8.00)*
Credit registry coverage (% of adults)	1.6	1.3	0.0	0.0	45.1	0.0	0.0	0.0	Portugal (100.00)
Credit bureau coverage (% of adults)	100.0	100.0	7.7	20.5	0.0	100.0	100.0	100.0	22 Economies (100.00)*
Protecting Minority Investors (rank)	49	46	20	66	29	20	14	4	Singapore (1)*
Protecting Minority Investors (DTF Score)	60	60	68.33	56.67	65	68.33	71.67	78.33	Singapore (83.33)*
Strength of minority investor protection index (0-10)	6.0	6.0	6.8	5.7	6.5	6.8	7.2	7.8	3 Economies (8.30)*
Extent of conflict of interest regulation index (0-10)	5.0	5.0	6.7	6.0	5.7	6.7	7.0	8.3	Singapore (9.30)*
Extent of shareholder governance index (0-10)	7.0	7.0	7.0	5.3	7.3	7.0	7.3	7.3	4 Economies (8.00)*
Paying Taxes (rank)	72	68	12	17	87	36	14	15	United Arab Emirates (1)*
Paying Taxes (DTF Score)	77	77.02	91.94	89.38	74.31	83.67	91.36	91.34	United Arab Emirates (99.44)*
Payments (number per	9.0	9.0	10.0	8.0	8.0	21.0	4.0	8.0	Hong Kong SAR,

Indicator	Germany DB2016	Germany DB2015	Denmark DB2016	Finland DB2016	France DB2016	Iceland DB2016	Norway DB2016	United Kingdom DB2016	Best performer globally DB2016
year)									China (3.00)*
Time (hours per year)	218.0	218.0	130.0	93.0	137.0	140.0	83.0	110.0	Luxembourg (55.00)
Total tax rate (% of profit)	48.8	48.8	24.5	37.9	62.7	29.6	39.5	32.0	Ireland (25.90)
Trading Across Borders (rank)	35	34	1	32	1	64	45	38	Denmark (1)*
Trading across Borders (DTF Score)	91.77	91.77	100	92.44	100	80.27	87.82	91.4	Denmark (100)*
Time to export: Border compliance (hours)	36	36	0	36	0	36	62	24	15 Economies (0.00)*
Cost to export: Border compliance (USD)	345	345	0	213	0	655	125	280	18 Economies (0.00)*
Time to export: Documentary compliance (hours)	1	1	1	2	1	2	62	4	Jordan (0.00)
Cost to export: Documentary compliance (USD)	45	45	0	70	0	40	0	25	20 Economies (0.00)*
Time to import: Border compliance (hours)	0	0	0	2	0	24	2	8	19 Economies (0.00)*
Cost to import: Border compliance (USD)	0	0	0	0	0	655	125	205	28 Economies (0.00)*
Time to import: Documentary compliance (hours)	1	1	1	1	1	3	2	2	21 Economies (1.00)*
Cost to import: Documentary compliance (USD)	0	0	0	0	0	0	0	0	30 Economies (0.00)*
Enforcing Contracts	12	11	37	30	14	35	8	33	Singapore (1)

Indicator	Germany DB2016	Germany DB2015	Denmark DB2016	Finland DB2016	France DB2016	Iceland DB2016	Norway DB2016	United Kingdom DB2016	Best performer globally DB2016
(rank)									
Enforcing Contracts (DTF Score)	75.08	75.08	68.56	70.33	74.89	69.1	77.14	69.36	Singapore (84.91)
Time (days)	429.0	429.0	410.0	375.0	395.0	417.0	280.0	437.0	Singapore (150.00)
Cost (% of claim)	14.4	14.4	23.3	16.2	17.4	9.0	9.9	43.9	Iceland (9.00)
Quality of judicial processes index (0-18)	12.0	12.0	10.0	9.0	12.0	7.5	10.0	15.0	3 Economies (15.50)*
Resolving Insolvency (rank)	3	3	9	1	24	15	6	13	Finland (1)
Resolving Insolvency (DTF Score)	91.93	91.78	84.78	93.81	76.09	81.65	85.71	82.04	Finland (93.81)
Recovery rate (cents on the dollar)	83.7	83.4	87.8	90.1	77.5	84.9	92.5	88.6	Japan (92.90)
Time (years)	1.2	1.2	1.0	0.9	1.9	1.0	0.9	1.0	Ireland (0.40)
Cost (% of estate)	8.0	8.0	4.0	3.5	9.0	3.5	1.0	6.0	Norway (1.00)
Outcome (0 as piecemeal sale and 1 as going concern)	1	1	1	1	1	1	1	1	
Strength of insolvency framework index (0-16)	15.0	15.0	12.0	14.5	11.0	11.5	11.5	11.0	4 Economies (15.00)*

Source: *Doing Business* database.

Note: DB2015 rankings shown are not last year's published rankings but comparable rankings for DB2015 that capture the effects of such factors as data revisions and changes to the methodology. The global best performer on time for paying taxes is defined as the lowest time recorded among all economies in the DB2016 sample that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and VAT or sales tax. If an economy has no laws or regulations covering a specific area—for example, insolvency—it receives a “no practice” mark. Similarly, an economy receives a “no practice” mark if regulation exists but is never used in practice or if a competing regulation prohibits such practice. Either way, a “no practice” mark puts the economy at the bottom of the ranking on the relevant indicator. * Two or more economies share the top ranking on this indicator. A number shown in place of an economy's name indicates the number of economies that share the top ranking on the indicator. For a list of these economies, see the *Doing Business* website (<http://www.doingbusiness.org>).



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Country Report – Germany

AHK Quote: "The beneficial cooperation with Dubai Exports enables us to enhance the bilateral relationship between both countries and offers numerous opportunities for German and Dubai companies"

DE Quote: Dubai Exports is privileged to work with the German Emirati Joint Council for Industry & Commerce (AHK) in UAE since 2009. Through our Strategic Partnership, we are able to achieve the maximum possible for our customers"

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